Financial year 2019

Financial year 2019

2019

We are aware of the role we play, both economically as well as socially.
This awareness is expressed as responsibility, whether individual or corporate, aimed at growing our corporate legacy.

Responsibility

We create jobs, work well, pay taxes, invest in Research and Development, meet customer expectations, establish honest relationships with suppliers, protect the environment and respect rights.
This constitutes the correct balance to generate long term value that can be distributed to our stakeholders.

Sustainability

Fortitude and a desire for a better future. Determined in our actions and generous in our intentions, we look the world straight in the face and we listen and study to find tomorrow's solutions today.

Courage

• Letter from the Chairman to the Shareholders

A positive year, one more step forward in our path towards development.

Dear Shareholders,

FY 2019 closed with a ratification of the Gpi Group's business solidity, a confirmation that is the result of our attention to our reference markets, consolidating our presence, increasing recognition and qualifying our offer.

A positive year, one more step forward in our path towards development.

The Chairman and Chief Executive Officer Fausto Manzana

“In 2019 the GPI Group grew at a good pace”.

The Gpi Group grew at a good pace in 2019: compared to 2018, revenues in Italy grew by more than 18% and revenues generated abroad increased by more than 16%, gross and net profitability grew in absolute terms and the financial balance remained solid.

The synergy between the **Strategic Business Areas** "**Software**"and "**Care**" was confirmed as being of central importance to the Group's architecture. Our uniqueness, which consists in being a global partner for our Customers (and aiming to increase this role even more), is bearing fruit. Together, these 2 SBAs constitute 87% of our consolidated business revenues.
Our intuition has proven to be correct: software is increasingly becoming a commodity for Services. The deep interconnection between these two Strategic Business Areas is a powerful driver for the future.

2019 was the year that 2 very significant "Care" ITTs [Invitations to tender] started in the Lazio Region.
Counter services in 12 Local Health Authorities/Hospitals (out of a total of 14) started in 2019 as did the regional contact centre (ReCUP) services.

The potential pool of citizens that use Gpi services increased by a further 6 million, reaching almost 30 million in Italy. This means that 50% of Italians access health services via Gpi.

In terms of staff this translates into 2,250 new employees; in organisational/logistical terms we are talking about a new office in Rome totally dedicated to the contact centre, equipped with an innovative technological infrastructure (from Internet to telephone systems, passing through the software component). Significant numbers and impact, in economic, organisational and social terms.
ITTs in the Veneto and Marche regions were added to the Lazio ITT.
The Veneto region ITT was for the regional SIO (Sistema Informativo Ospedaliero or Hospital Information System), a platform that covers 8000 hospital beds. Four contracts were awarded in the Marche region, all of which were software-focused, covering approximately 5000 hospital beds in the relevant facilities.

The **Automation – ICT – Pay** Strategic Areas did well, increasing their EBITDA from 10.5% in 2018 to 12.3% in 2019. The Automation SBA continues to expand, being facilitated also by the positive progression of international activities related to the sale of automated drug management systems (Foreign sales up by 16.4% compared to 2018).
The Pay SBA exploited the 2018 acquisitions (Paros and Uni IT) by qualifying a proposal for electronic payment systems for the Public Administration. Of particular note is the certification obtained (September 2019) by Argentea SpA, our subsidiary that handles this SBA, as a Certified Storage Provider from AgID (Agenzia per l'Italia Digitale - Agency for Digital Italy). AgID also included Argentea among its PagoPA Intermediaries and Technology Partners. This certification opens up new business horizons.
The ICT SBA focuses its specialist activities on supporting customers (of particular weight and satisfaction are the Desktop Management services) and continues its growth, performing in line with expectations.
In terms of the development of external lines, FY 2019 had fewer M&A transactions than in the past, but those that did proceed were qualitatively of great technical and commercial value.

"Charting a course toward the future will require starting from a new present, marked by an emergency that has now become an unavoidable factor in the equation.

Accura handles patient onboarding and provides services to 1,800 General Practitioners in the Lombardy Region (individual care plans and dedicated operations centres). This is a skill that will help us move further ahead, fully evolving the Gpi administrative service contracts (so-called CUPs) in Contact Centres. At the beginning of 2020 we were awarded a major contract for telemedicine services in Lombardy: our "Care" will become a point of access to treatments, a centre for an ongoing relationship with the patient, and an advanced counselling service that will accompany the patient throughout his or her journey.
Guyot Walser Informatique, a French company based in Reims, specialising in the development of software for blood management in healthcare facilities. This acquisition strengthens and empowers our transfusion offer and opens the door not only to the French market (there are around 1,900 hospitals across the Alps), but to the foreign market as a whole.

Operational efforts have continued to focus on the optimal integration of the companies brought in by recent transactions (approximately 30 closings, including acquisitions of shares and establishment of newcos, in the three-year period from 2016 to 2018 alone). In keeping with the oft-mentioned strategic development lines, Gpi will continue to select companies operating in sectors that are contiguous with and functional to our core business, evaluating the innovative nature of their offers, the opportunities linked to the geographical location, the significance of their customer bases and their prospects in terms of synergies.

Regarding the supply of funding, we note the **issue of the bond** listed on ExtraMOT - Professional Segment. EUR 30 million of securities were issued to support the growth plan for the internal and external lines and Research & Development activities aimed at innovating and internationalising our offer. The transaction involved various investors, including Cassa Depositi e Prestiti as Anchor Investor.
The **Strategic Business Plan 2020-2024** was completed in 2019 and was approved by the Board of Directors on 27 March 2020. It was presented to the Financial Community on 16 April 2020. The Plan, which was developed within the scope of consolidation that was unchanged compared to 31/12/2019, confirms the historical increase in Revenues and EBITDA, which are expected to reach just under EUR 300 million and about 15% respectively by 2024.

Now that we have provided a brief overview of 2019, charting a course toward the future will require starting from a new present, marked by an emergency that has now become an unavoidable factor in the equation.
The**Covid-19 emergency** is severely testing the resilience of health care systems, which are being called upon to respond to the explosion in the demand for care. The sustainability of these systems has proved to be essential - not only for the safeguarding of public health, but also for the sustainability of economic systems. Rethinking the architecture of health systems by enhancing regional medicine and redesigning models for care, treatment and assistance is a worldwide priority.
We are well familiar with the context in which we operate: the organisation of the "health system" is complex. To adjust the system, it is not enough to merely focus on internal hospital organisation. We need to look at the territories and suburbs, we need to think about prevention and new services, such as telemedicine, and we need to save on non-health costs and guarantee the quality of care. We need to focus on people.
Years later, we can now see that the investment in our country's healthcare system was inadequate. In 2017, health care expenditure in Italy amounted to EUR 155 billion - about EUR 113 billion for public health care, just over EUR 40 billion for "private health care", though large parts of the latter were affiliated with the public sector. It is clear: Italian healthcare

depends on the public administration. If we then make a comparison, we realise that our health expenditure is 9.2% of GDP, while in the USA it is equal to 17%, in Germany to 11%, in the UK to 10%.
There are also other factors to consider in this redesigning procedure that we are discussing. First and foremost is the ageing of the population, followed by longer life expectancy and the consequent increased frailties that accompanies it. The proportion of citizens who live with chronic illnesses is growing. It is now a group that reaches 35-40% of the population. We are also witnessing a reduction in the number of clinical staff, doctors, staff - the result of the choices made in recent years. This is why it is imperative that we invest in technologies that can increase the productivity of the clinical parties that are involved in delivering treatment. Our vision is clear: we want to partner with those healthcare facilities, look after our customers and be the driving force behind their success. We were established 32 years ago as a company providing software and IT management systems for Healthcare. Today, thanks to the experience gained and the investments made in Research and Development, we are able to manage elements of artificial intelligence, robotic systems, Custom Made prostheses production and much more.

"Together with healthcare organisations, we will be able to build integrated solutions involving software, technologies and services in response to new health issues"

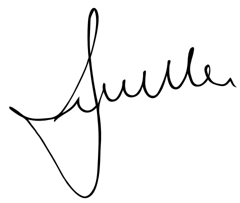
In this scenario the contribution that the Gpi Group can make is great: taking care of health has always been our mission. Together with healthcare organisations, we will be able to build integrated solutions involving software, technologies and services in response to new health issues.

When the emergency arose, we took immediate action to protect the health of employees, associates, suppliers, partners and customers. GPI's services have been recognised as essential to guarantee the continuity of the social-healthcare supply chain; our commitment has therefore continued and most of our people are still at work today, alongside the National Health System operators.
The Covid-19 emergency is a key factor, both now and in the future.
If the emergency ends in the short term (early summer) we believe that revenues and EBITDA will grow in line with the historical trend.
However, if the emergency continues for an extended period of time, we will be ready to review our business and development plans.
The Board of Directors' decision not to distribute **dividends on 2019 profits** is based on a similar prudential approach: in this time of uncertainty caused by the Covid-19 emergency, it is important to support the Group's capital strength and safeguard the resources needed to continue to invest in R&D and M&A transactions.

We look to the future with calm confidence, knowing that the Company has great potential to express in the HealthCare market, an essential asset for the sustainability of healthcare and economic systems.

Trento, 28 April 2020

The Chairman and Chief Executive Officer
Fausto Manzana



• The GPI Group

A global partner for a healthy future

Founded over 30 years ago in Trentino, Gpi has grown steadily over time thanks to significant investments in M&A and Research and Development, carried out in partnership with Italian and international Universities and Research Centres.
The integration of software, services and technology, combined with many years of experience gained by working alongside customers, has become a concrete foundation for innovating care models, optimising processes and containing costs.
At Gpi we have never lost sight of the deeper meaning of our work: creating innovative and integrated solutions to make healthcare systems sustainable by improving people's quality of life.

A history of growth

>30 years of experience, a management team with a track record of internal growth and M&A

International Presence

solutions used by more than 2200 customers in over 60 countries

Leadership

No. 1 player in Italy: access to services for treatments

No. 3 player in Italy: software solutions for health and social welfare

Uniqueness

integrated software, technology and services solutions to optimise clinical, care, administrative and social welfare processes.

Quality of Life

our work contributes to improving the quality of life

• History, milestones

We have over 30 years of history behind us, a path characterised by continuous and significant expansion. In recent years an acceleration, driven by multiple acquisitions, has significantly expanded our corporate perimeter, enriched our portfolio of offers, broadened our regional presence and increased our skills.

1988

GPI SAS WAS ESTABLISHED

2006

GPI becomes an SPA

2013

December

Initial capital launch. Addition of Fondo Orizzonte SGR,
Issue of Gpi Minibond, traded on ExtraMot PRO.

2014/5

Consolidation of M&A transactions

2016

December

Listing on the Borsa Italiana AIM Italia market through the Business Combination with SPAC Capital For Progress 1

2018

December

Transfer to the MTA, Borsa Italiana's main market

First year of non-financial reporting

• Financial Highlights

■ 2019 ■ 2018 ■ 2017

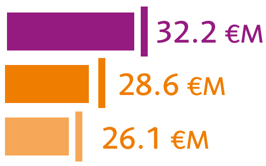
Consolidated Revenue

EUR 240.9 M

(+18.3% vs 2018)

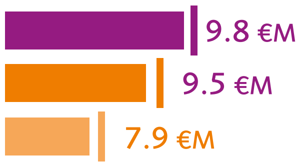
EBITDA

EUR 32.2 M



Net Profit

EUR 9.8 M

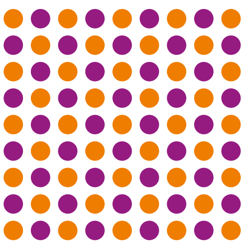


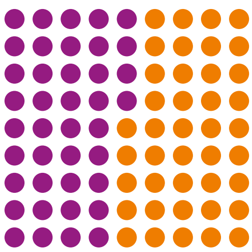
• Corporate Highlights

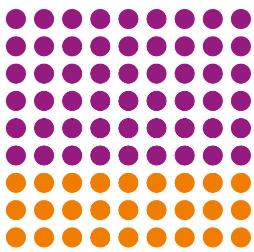
5,345
Employees

41
average age

64%
women





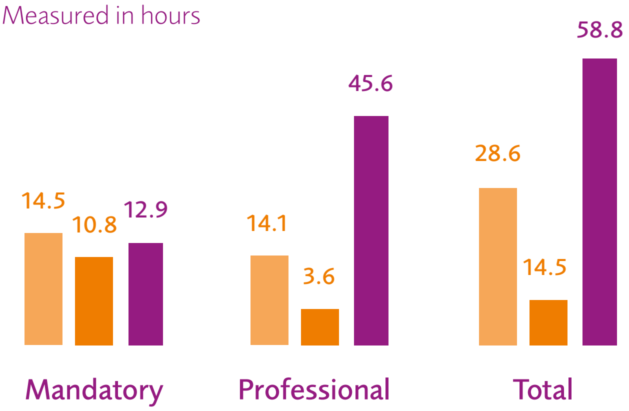


Non-Financial Highlights

■ 2019 ■ 2018 ■ 2017

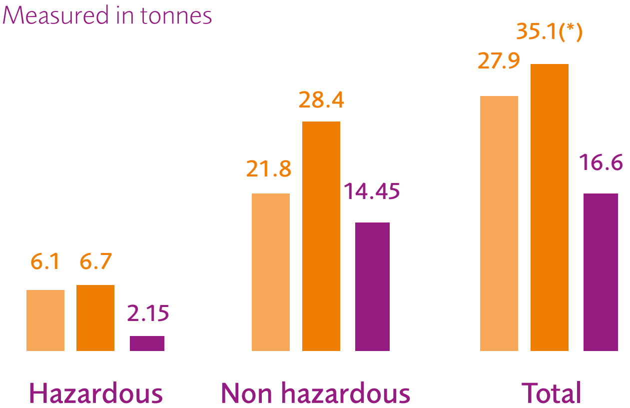
Training - ITALY

Measured in hours



Waste Management - ITALY

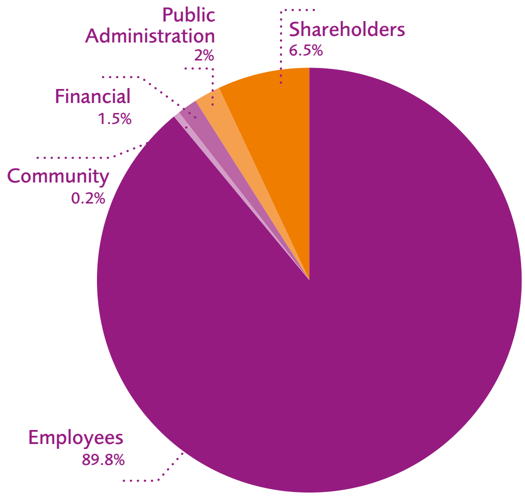
Measured in tonnes



(*) Extraordinary year: large amount of PCs scrapped

Added value distributed:

In 2019, the economic value (*) generated by the Group was about EUR 150 million and was distributed to its main internal and external stakeholders that contributed, directly or indirectly, to generate this value.



(*) calculated as the difference between revenues and expenses and procurement costs necessary to ensure the company's operations, in addition to depreciation, amortisation and provisions

+2,200

customers

Abroad

7

offices

In Italy

~50

offices

The structure of the offer

Software

Health Administration	Clinical System	Health Social Care	Blood & Tissue Bank
Human Resources	Continuum Care	Public Administration	Safety & Prevention
Data Analytics	Health Cooperation	PRM	Population Health Management

Care

Healthcare Administration Services	Healthcare Services	Healthcare Technologies	Virtual Care Solutions

Automation

Automated Pharmacy Warehouse	Hospital Pharmacy System	Pharmacy Design Studio	Automated Industry Warehouse

ICT

Desktop Services	ICT Services

Pay

Pa Payment Solutions	Retail Payment Solutions

• Customers

As at 31/12/2019, the Group had over 2,200 customers. Growth in terms of expertise also took place following multiple M&A transactions, making the offering increasingly more complete and competitive, both in Italy and internationally.

We possess wealth of know-how that enables the Group to extend our range of action and promote ourselves to an increasing number of new customers.

HPUB

- Healthcare Companies
- Hospitals
- Public Providers (in-house)
- Regions, Provinces (Healthcare)

HPRI

- Analytics, Providers
- Trade Insurers, Insurers
- Care Homes, Private Clinics, Non-Profit Organisations
- Cooperatives
- Private User
- Pharmacies

NHPUB

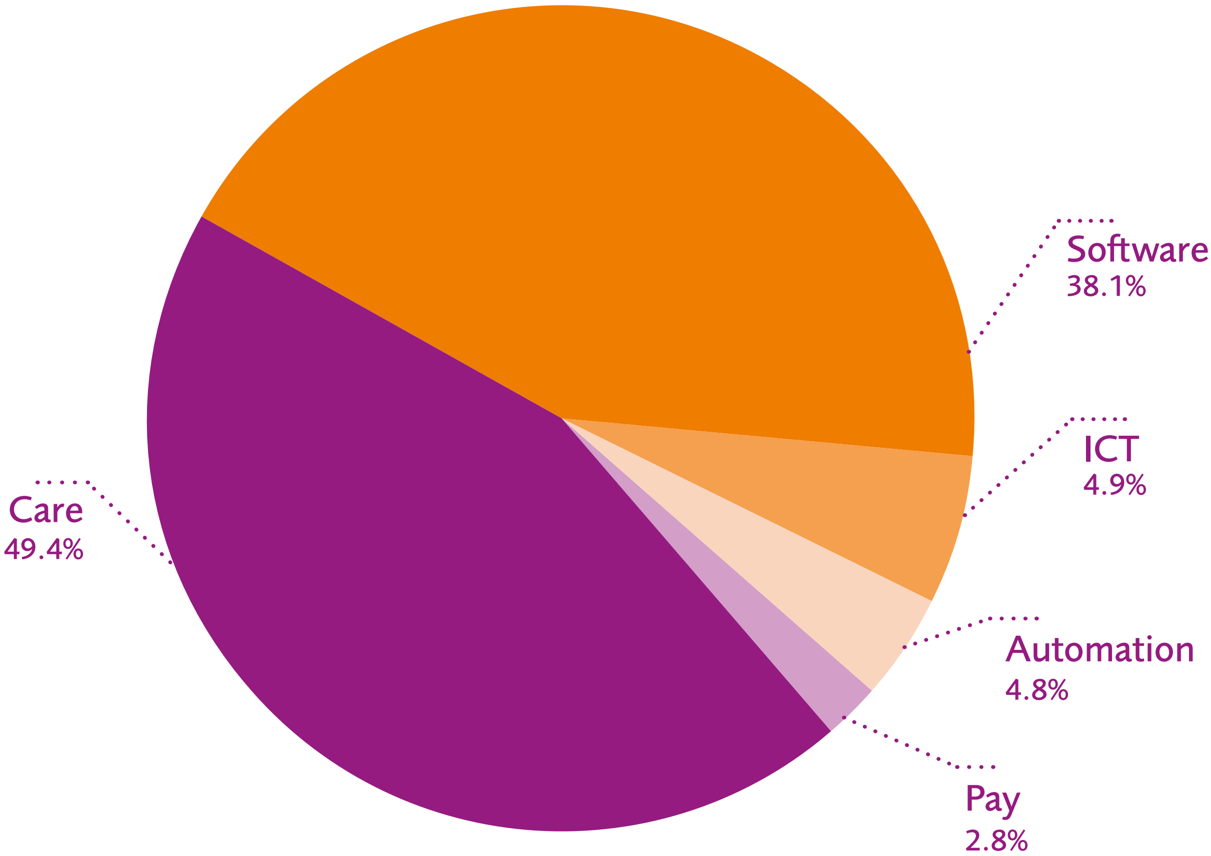
- Municipalities
- Provinces
- Regions
- Regional Agencies
- Universities
- Consortia

NHPRI

- Large-scale retail channel
- Banking Institutions
- Luncheon Voucher Operators
- NON-FOOD chains of shops
- Territorial Organisations (ACI, etc.)

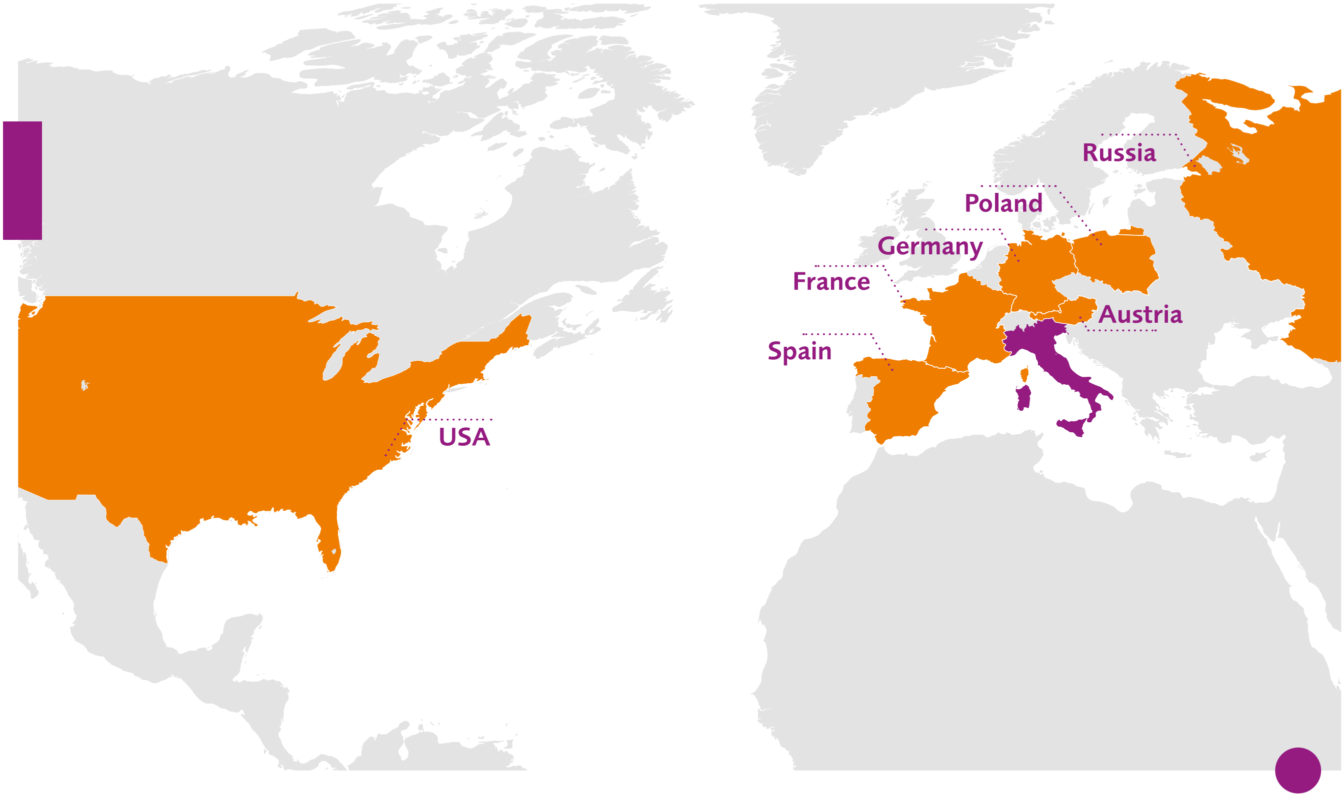
Key: H = Health; NH = Non-Health; PUB = Public; PRI = Private

Revenue by Strategic Business Area



• Presence throughout the area

Our acquisitions over the years, coupled with our determination to be close to our customers, have resulted in our increasingly widespread presence in Italy - with approximately 50 operating offices.



Our acquisitions over the years, coupled with our determination to be close to our customers, have resulted in our increasingly widespread presence in Italy - with approximately 50 operating offices.

The Group's internationalisation has led to its presence, through operating companies, in 7 countries: Germany, Austria, Poland, Spain, France, Russia and the United States.

The Group also operates in a large number of other European and Non-European countries through selected partners and distributors.

GPI currently has a direct presence in Germany, Austria, Poland, Spain, France, Russia and the United States through sevenoperating companies.

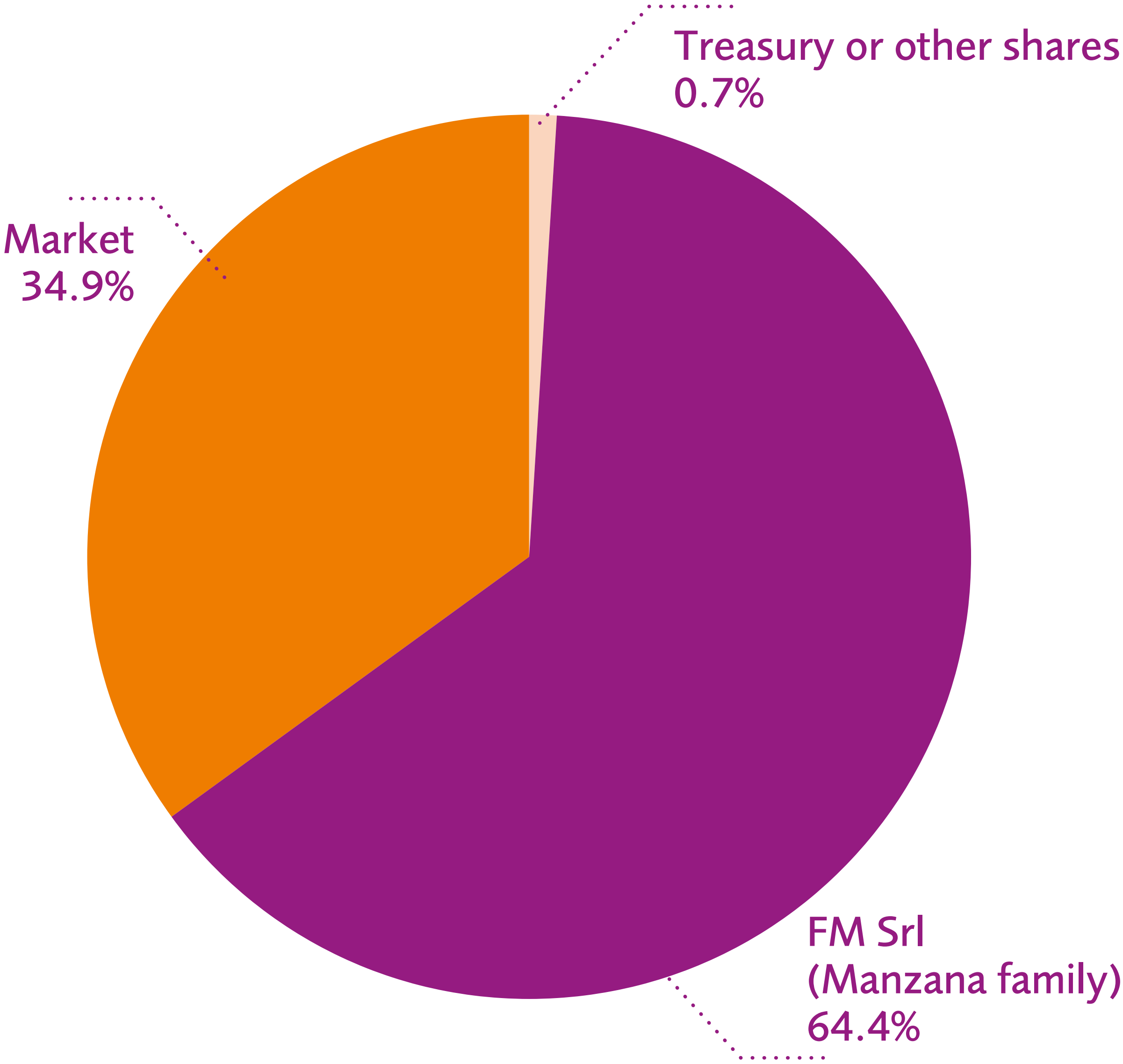
• Shareholder Structure

The share capital is EUR 8,544,963.90 broken down into 15,909,539 shares with no par value, including 15,848,219 ordinary shares and 61,320 special "C" shares.

Treasury Shares at 31 December 2019

113,894

Shareholding structure



Main shareholder

GPI SPA, as at 31/12/2019 was controlled by FM S.r.l. (Manzana Family) with a stake of 64.37% (and 64.37% of the voting rights).

Financial year 2019

Directors' Report on Operations

Pursuant to Article 40, paragraph 2-bis of Legislative Decree No. 127 of 09/04/91, Gpi S.p.A. has prepared the Report on Operations as a single document applicable to the separate and consolidated financial statements of the Group

01

• Group Structure and Activities

Reference Market

The healthcare market in which the Gpi Group operates has typically not been directly influenced by economic and macroeconomic situations. The processes of merging and streamlining healthcare structures at the regional level have had a much greater impact domestically, as reflected in the type and nature of the most recent ITTs that the Group has participated in.

In terms of the sector's evolutionary dynamics, we would like to point out that the Group operates in the domestic ICT (healthcare) market. **Over the last three years, this market has grown at a rate of between 2 and 3%** - despite the pressures exerted by the spending reviews, which most certainly affected healthcare entity investments.

Osservatorio Netics **forecasts for the next three years** anticipate a net trend toward improvement, with**growth between 3 and 4%** for the domestic, driven by the greater momentum at the European level (average of 5.4%). Unfortunately, Italy is one of the European countries with the lowest ICT investment intensity per capita while it has the potential to grow more than other areas based on the GDP.

Particularly interesting for the **next five years** are the worldwide growth prospects of the Automated Dispensing Machines sector, the reference business area for the Automation SBA with a value of almost 5 billion dollars and an expected CAGR of 8.1% in the period from 2018 to 2023.

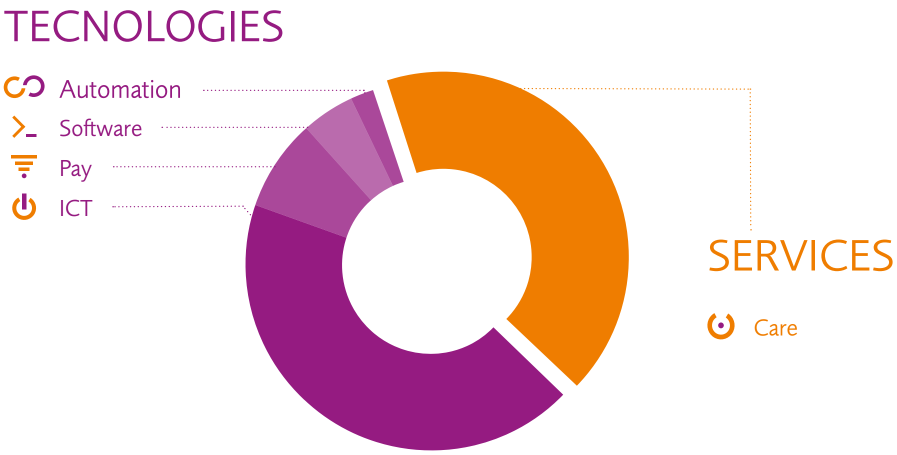
The richness of the product range acquired over time and the consequent cross-selling and up-selling capacity throughout Italy in particular, together with customers' perception of our reliability recognised over time and their strong loyalty, constitute the essential foundations for the Group's growth prospects in the medium and long term.

Strategic Business Areas

The current organisation into Strategic Business Areas (SBAs) enables the Group to provide answers that resonate with the transformation and innovation needs of the Healthcare and Social Welfare sectors, in Italy and internationally. This is thanks to a range of solutions and services that combines specialist ICT skills, application knowledge, consulting and design, in conjunction with the customer-oriented approach that characterises our companies and makes doing business efficient and flexible. We operate in our target markets by providing a broad mix of highly innovative software solutions, technologies and services. A selection of technological drivers whose combination outlines the current and future application scenarios underlies this transformation: the cloud, mobile devices, Internet of Things, Big Data, artificial intelligence, technologies that we already apply to specific solutions for chronic illness management, initiative medicine, prevention pathways, the management of reception pathways, virtual care through telemedicine solutions and 24-hour operations centre services.

The strategic objective - condensed in the Group's vision and payoff (The HealthCare Partner) - is to go beyond being a technology and customer service provider to become a partner of healthcare organisations by offering solutions tailored to the new health demand of citizens.
An effective combination of technology and services to respond to a constantly changing healthcare system.

Some Gpi Group SBAs are of the "complex" type, i.e., composed of an articulated set of product/market combinations (e.g., Software, Care), while others are of the "elementary" type, i.e., comprising one or a few product/market combinations (Automation, Pay, ICT).



Structure of the offering

Software

Modular and integrated information systems for management of:

- clinical and administrative-accounting processes within hospital facilities, including the transfusion department;
- the social welfare processes of the regional health facilities, including the prevention department;
- characteristic public administration processes: demographic services, taxes, accounting, personnel, document management, online services for citizens and businesses.

Information technologies that constitute the enabling factor for the provision of high efficiency and quality care services for citizens, for the management of logistics automation processes while integrating the ICT and payment services solutions offered to the Public Administration.

Care

Operators, telephone systems, hardware and software technology for a tailor-made, complete and integrated service comprising Contact Centre and CUP [administrative service contracts], administration, reception, secretarial and cultural intermediation (HealthCare Administration Services). Services and technological solutions to support the intake path of chronic patients. Integrated diagnostic polyclinical facilities (HealthCare Services). Telemedicine, telemonitoring and at home telecare services (VirtualCare Solutions). Design and production of custom-made prostheses with three-dimensional printers (Healthcare Technologies).

Automation

A complete and integrated solution, including hardware and software that automates the entire logistical process of the drug in hospital facilities: from purchase to bedside administration, reducing clinical risk and optimising resources.

For local pharmacies: a service that covers the organisation, equipping and design of retail premises, and a custom made, high-tech warehouse that speeds up and simplifies the storage and distribution of medicines.
The logistics automation of hospitals and pharmacies proposed by Gpi harmoniously integrates and completes the solutions of the Software Area (Clinical System, Administration System) and the Pay Area for a complete logistical end-to-end management of the entire supply-chain.

ICT

A complete *turnkey* service that keeps all hardware and software components operating under perfectly efficient conditions through specialised and reliable Desktop Management and client and server system assistance.
ICT services are the enabling factor for the efficient application of the information technologies of the Software SBA and Pay platforms and for the provision of Care services.

Pay

Innovative technologies and integrated services that facilitate the management of electronic payments for the large-scale retail trade, the retail market, the banking sector and Public Administration.
A platform of solutions that synergistically supports the Group's Software, Care, Automation and ICT offering.

Overview of the business areas

The Gpi Group had 23 operating companies as at 31/12/2019.

Software	Care	Automation	ICT	Pay
GPI	GPI	GPI	GPI	ARGENTEA
BIM ITALIA	ACCURA	RIEDL		ARGENTEA SP Z.O.O
BUSINESS PROCESS ENGINEERING	CENTRO ORIZZONTI			
GBIM	DO.MI.NO			
GPI CHILE	LOMBARDIA CONTACT			
GPI POLSKA	CLINICHE DELLA BASILICATA			
GUYOT WALSER INFORMATIQUE	SINTAC			
HEALTHECH				
HEMASOFT SW				
HEMASOFT USA				
INFORMATICA GROUP				
PCS				
PEOPLENAV				
XIDERA				

Companies included in the scope of consolidation at 31/12/2019

Scope of consolidation	Registered office	Share capital at 31/12/2019	% Shareholding in share capital / consortium fund at 31/12/2019	Overall Group % holding	% of total minority interest
Parent Company:					
Gpi S.p.A.	Trento, Italy	8,544,964		100.00%	
Subsidiaries consolidated on a line-by-line basis:					
Accura S.r.l. *	Milan, Italy	100,000	80.00%	100.00%	0.00%
Argentea S.r.l.	Trento, Italy	200,000	80.00%	80.00%	20.00%
Argentea Sp. Zoo	Warsaw, Poland	60,000	65.60%	65.60%	34.40%
Bim Italia S.r.l. *	Trento, Italy	1,000,000	70.30%	100.00%	0.00%
Business Process Engineering S.r.l. *	Trento, Italy	222,222	71.60%	100.00%	0.00%
Cliniche della Basilicata S.r.l.	Potenza, Italy	110,000	67.00%	67.00%	33.00%
Consorzio Stabile Cento Orizzonti Scarl	Trento, Italy	10,000	55.10%	55.10%	44.90%
Do.Mi.No S.r.l.	Venice, Italy	25,500	38.57%	38.57%	61.43%
Gbim S.r.l.	Pavia, Italia	100,000	70.00%	70.00%	30.00%
Gpi Chile spa	Santiago de Chile, Chile	161,510,229	56.00%	56.00%	44.00%
Gpi Polska Sp. Zoo	Lublin, Poland	40,000	100.00%	100.00%	0.00%
Guyot-Walser Informatique	Reims, France	100,000	60.00%	100.00%	0.00%
Healthech S.r.l. *	Trento, Italy	125,000	60.00%	100.00%	0.00%
Hemasoft America Corp. *	Miami, USA	988	60.00%	100.00%	0.00%
Hemasoft S.l. *	Madrid, Spain	600,200	60.00%	100.00%	0.00%
Informatica Group	Moscow, Russia	10,000	100.00%	100.00%	0.00%
Lombardia Contact S.r.l. Soc.Unipers.	Milan, Italy	2,000,000	100.00%	100.00%	0.00%
Peoplenav S.r.l.	Trento, Italy	10,000	100.00%	100.00%	0.00%
Professional Clinic G.m.b.h.	Klagenfurt, Austria	1,230,000	100.00%	100.00%	0.00%
Riedl G.m.b.h.	Plaue, Germany	160,000	51.00%	51.00%	49.00%
Sintac Srl	Trento, Italy	10,000	100.00%	100.00%	0.00%
Xidera S.r.l. *	Milan, Italy	10,000	60.00%	100.00%	0.00%

* Consolidated 100% pursuant to IFRS 3 *anticipated acquisition method*

Below is a list of associated companies at 31/12/2019:

Name	Registered office	Share capital at 31/12/2019	Equity investment held by	Overall Group % holding	% of total minority interest
Subsidiaries excluded from the scope of consolidation:					
Gpi Africa Austral Sa	Maputo, Mozambique	50,000	70.00%	70.00%	30.00%
Equity-accounted Investments:					
Associates:					
SAIM - Suedtirol Alto Adige Informatica Medica S.r.l.	Bolzano, Italy	200,000	Gpi S.p.A. Professional Clinic G.m.b.h.	46.50%	53.50%
Consorzio Stabile Glossa	Naples, Italy	130,000	Gpi S.p.A.	21.40%	78.60%
TBS IT Telematic & Biomedical Services S.r.l.	Milan, Italy	600,000	Gpi S.p.A.	40.00%	60.00%

For further details, please refer to Annex 1 to the Notes to the Consolidated Financial Statements.

Customers

As at 31/12/2019, the Group had over 2,200 customers. Growth in terms of expertise took place following multiple M&A transactions, making the offering increasingly more complete and competitive.

In particular, during 2019 the Software SBA acquisitions contributed to strengthening the customer portfolio, the portfolio of catalogue solutions and the territorial presence, especially abroad (see Guyot Walsere Informatique).

This wealth of knowledge makes it possible to extend our range of action and promote ourselves to an increasing number of new customers.

HPUB
- Healthcare Companies
- Hospitals
- Public Providers (in-house)
- Regions, Provinces (Healthcare)

HPRI
- Analytics, Providers
- Trade Insurers, Insurers
- Care Homes, Private Clinics, Non-Profit Organisations
- Cooperatives
- Private User
- Pharmacies

NHPUB
- Municipalities
- Provinces
- Regions
- Regional Agencies
- Universities
- Consortia

NHPRI
- Large-scale retail channel
- Banking Institutions
- Luncheon Voucher Operators
- NON-FOOD chains of shops
- Territorial Organisations (ACI, ...)

Key: H = Health; NH = Non-Health; PUB = Public; PRI = Private.

Presence in the country

In **Italy**, the Group has its headquarters in Trento, which is the historical registered office, and **fifty operating offices** throughout the country at the main customer hubs.
The acquisitions made over the years and the preference we have been shown by an increasing number of customers have extended our scope of operations in the social and healthcare market and promoted greater territorial coverage.

Abroad, Gpi has a **direct presence in 7 countries**: Germany, Austria, Poland, Spain, France, Russia and the United States through seven operating companies.
The Group operates in a large number of other European and Non-European countries through **selected partners and distributors**. The goal in the years to come is the further enrichment of our international markets and contacts, both in terms of new acquisitions of production and distribution companies.

The acquisition of GUYOT WALSER INFORMATIQUE, a French company based in Reims, specialising in the development of software for blood management in healthcare facilities, has provided a significant boost and will allow us to access 360 of the 1900 hospitals in France.

Principles and rules for the conduct governing operations

Gpi conducts business according to the set of principles, commitments and internal rules described in the Code of Ethics and in the Organisation and Control Model of Gpi SpA, prepared in accordance with Legislative Decree No. 231/2001 (Model 231).

The purpose of the Code of Ethics is to ensure the application of the principles of fairness, honesty, integrity and transparency to operations, behaviours, working methods and relations, both internally and with regard to external parties. The ethical commitments and responsibilities described in the Code must be followed by employees and collaborators, and by all those who work in or relate to the Group's interests.

Model 231, of which the Code of Ethics is an integral part, has a vital role in ensuring that activities are conducted in accordance with the legislative and regulatory framework that governs the Group's various operating areas, with specific reference to the aspects related to participation in public tenders. The Model is inspired by the "Guidelines for the construction of organisational, management and control models" developed by Confindustria and updated in July 2014, as well as by national best practices. The model currently in force was adopted on 15 October 2008 and has been continuously updated ever since, up to the last revision approved on 6 April 2018.

• Main transactions 2019

Acquisitions

Accura S.r.l.
On 18 February 2019, the Parent Company Gpi acquired 80% of the shares of Accura S.r.l., a company that provides healthcare services and services to assisted persons, at the hospital and territorial level, as well as tele-assistance and call centre services.

The acquisition contract provides for a "put and call" agreement for the transfer of the remaining 20%, for which Gpi has recorded a liability in the Consolidated Financial Statements.

Business Process Engineering S.r.l.
On 25 March 2019, the Parent Company Gpi acquired control of Business Process Engineering S.r.l., a company operating in the management, organisational, technical and scientific consultancy sector, focusing on business management, information and telecommunications issues.

After acquiring 36.9% of the minority interests in February 2019, Gpi S.p.A. obtained 71.6% control of the company following a share capital increase, subscribed and paid in full by Gpi S.p.A..

The capital increase provided for a further contract with a "put and call" agreement for the transfer of the minority interest, for which Gpi has recorded a liability in the Consolidated Financial Statements.

Guyot Walser Informatique Sas
On 11 October 2019, the Parent Company Gpi acquired 60% of the shares of Guyot - Walser Informatique Sas, a company operating in the transfusion sector, which deals with software for the management of blood in French healthcare facilities.

The acquisition contract provides for a "put and call" agreement for the transfer of the minority share, for which Gpi has recorded a liability in the Consolidated Financial Statements.

Establishment of new companies

Healtech S.r.l.
On 17 June 2019, the Parent Company Gpi, together with P.A.A.B.S. Srl, set up a new company named Healtech S.r.l. that will operate in the area of the realisation, conception and design of IT services. It is hereby noted that Gpi S.p.A. holds 60%, but the acquisition contract provides for a "put and call" agreement for the transfer of the remaining 40%, for which Gpi has recorded a liability in the Consolidated Financial Statements.

PeopleNav S.r.l.
On 2 October 2019, the Parent Company Gpi set up PEOPLENAV S.r.l. as sole shareholder, which operates in the design, development and installation of computer systems, telematics and localisation networks.

On 8 October 2019, PEOPLENAV S.r.l. subsequently acquired control of the Everyware business unit that operates in the same field.

Finally, we specify that in 2019 the following companies were merged as part of the internal restructuring of the Group: Open Process S.r.l. into Business Process Engineering S.r.l.; and UNI IT S.r.l. into Argentea S.r.l..
For other business combinations, please refer to Note 5 of the Notes to the Consolidated Financial Statements.

• Financial and operating information

Summary financial indicators and figures

With regard to the statement of financial position aggregates, and in particular the financial indicators, please see the standards established by the ESMA Recommendation 20/3/2013 and Consob Communication DEM/6064293.

In application of Consob Communication of 3 December 2015, which transposes in Italy the guidelines on Alternative Performance Indicators (hereinafter also referred to as "API") issued by the European Securities and Markets Authority (ESMA), the criteria used for the preparation of the main APIs published by the GPI Group are defined below.

The APIs presented in this Annual Financial Report are considered to be significant for the assessment of operating performance with reference to the results of the Group as a whole. In addition, it is considered that APIs ensure a better synthesis and comparability over time of the same results, although they are not substitutes for, nor alternatives to, the results determined by applying international IFRS accounting standards.

With reference to the APIs, it we highlight that within the respective chapters "Economic Performance", "Economic Data for each SBA" and "Statement of financial position", Gpi presents the reclassified financial statements that differ from those envisaged by the IFRS international accounting standards included in the Consolidated Financial Statements and in the Separate Financial Statements as at 31 December 2019 (hereinafter called the: "official financial statements"). These reclassified financial statements therefore present, in addition to the economic, financial and equity quantities covered by international IFRS accounting standards, certain indicators and items deriving from international IFRS accounting standards, although not envisaged by the same standards and therefore identifiable as APIs.

Hereinafter, for the sake of simplicity, are listed the main reclassified aggregates and Alternative Performance Indicators presented in the Management Report, and a brief summary of the relative composition, as well as the reconciliation of the same with the corresponding official data.

- "Consumption": corresponds to the total Cost of Materials in the official financial statements;
- "General Expenses": corresponds to the total of the Costs for services and Other operating costs included in the official financial statements;
- "Labour": corresponds to the item Personnel Costs in the official financial statements;
- "Gross Operating Margin (EBITDA)": this is the summary indicator of the gross profit arising from operating activities, determined by subtracting operating costs from operating revenues, with the exception of amortisation, depreciation, impairment losses and reversals of impairment losses, the change in operational funds and other adjustments;
- "Net Operating Profit (EBIT)": is the indicator that measures the operational profitability of the total amount of capital invested in the company, calculated by deducting from EBITDA the amortisation, depreciation, impairment losses and reversals of impairment losses, the change in operational funds and other adjustments;
- "Net working capital": summarises the balance among the items of a typical business nature in the statement of financial position (trade receivables, assets and liabilities from customer contracts, advances to suppliers, impairment provisions, trade payables and inventories);
- "Non-current assets": are comprised by the items in the official financial statements presenting the total amount of Goodwill, Other intangible assets, Property, Plant and Equipment, Equity Investments accounted for using the Equity method and non-current financial assets;
- "Net invested capital": means the total amount of non-financial assets, net of non-financial liabilities;
- "Net financial debt" (or NFP, Net Financial Position): represents the indicator of the share of the net invested capital covered by net liabilities of a financial nature, composed by the "Financial Liabilities - current and non-current", net of "Financial Assets - current and non-current", and by cash and cash equivalents;
- "Cash flow statement": this graphically represents the main cash flow items that determine the change in the net financial position from the beginning to the end of the financial year;
- "Trade receivables on revenues": means the ratio, expressed in days, between the trade receivables from invoices issued as at 31/12, gross of the relative impairment fund, and the revenues for the year (x 360).
- "Customer contract assets on total trade receivables themselves, of the customer contract assets and supplier advance payments" (%): means the share of only the assets from customer contracts, gross of the related impairment fund, in relation to total commercial assets.
- "Net working capital on revenues": means the ratio, expressed in days, between "net working capital" and revenues for the year (x360);
- "NFP/EQUITY": means the ratio of the Net Financial Position to Shareholders' Equity;
- "NFP/EBITDA": means the ratio of the Net Financial Position to Gross Operating Margin (EBITDA);
- "EBITDA/FC": provides the coverage indicator between Gross Operating Margin (EBITDA) and the balance of

Financial Income and Expenses;
- "Goodwill and other non-current Intangible assets/Total Assets": means the ratio of the relevant items in the official financial statements and the total assets;
- "Goodwill and other non-current Intangible assets/Shareholders' Equity": means the ratio of the relevant items in the official financial statements and Total Shareholders' Equity;
- "CAGR": is an acronym for Compounded Average Growth Rate, a commonly applied indicator used to express the average growth rate of a variable, given an initial year and a final reference year. In the case of Gpi, the CAGR is applied to Revenues and Other Income over a three-year period.

It should also be noted that some of the calculated APIs, as indicated above, are presented net of certain adjustments made for the purposes of a homogeneous comparison over time or in application of a different accounting treatment that is considered more effective in describing the economic and financial performance of specific assets of the Group. These adjustments are mainly attributable to the Adjusted consolidated economic data presented for EBITDA and EBITDA%.

Methodological notes and reconciliation information

The Group's significant growth and the changes in the organisational and production structure, more specifically over the last three years, have suggested the introduction of additional reading and analysis keys with reference to the economic and financial data.

The decision to aggregate all healthcare services into a single Strategic Business Area was recently formalised at the business level; this was done with a view toward rationalisation, but also in response to the increasingly blurred boundaries among the services provided, systematically characterised by the lowest common denominator of "territorial" healthcare and a single supply chain system (from administrative service contracts (CUP) booking to healthcare services, passing through telemedicine, telemonitoring and taking charge of chronic or potentially chronic patients). This implies the need for a slight reconciliation with the historical data, which highlights the performance of administrative healthcare services, excluding a small portion (about EUR 2.2 million of revenues) of social welfare services, now included in the "Care" SBA.

A criterion that appropriately represents sector profitability in the light of recent developments in the business structure is applied to represent the data for the two main business areas. The current allocation is based on an equal share of the SBA's net operating profitability before corporate cost allocation and the remaining share of the SBA's personnel costs.

This report shows "Adjusted" gross operating profit, with the objective of comparing the margins achieved at group and SBA level to revenues net of the share pertaining to the Temporary Grouping of Companies' partners, almost entirely related to "Care" contracts.

It is believed that the absolute and percentage margins expressed in this way will provide a meaningful management representation that is comparable over time, both in relation to the Group as well as the two main Strategic Business Areas.

Scope

Regarding the evolution of the scope of the subsidiaries, note that the acquired companies Accura S.r.l., Business Process Engineering S.r.l., Guyot-Walser Informatique Sas, Healthech S.r.l., Informatica Group, Peoplenav S.r.l. were added to the scope of consolidation for 2019. .

A reclassification of the financial statements format is provided in this report, aimed at providing optimum significance from an analytical operational standpoint, and targeted in particular: i) with regard to the income statement, to highlighting the Group's ability to generate operating income gross of the operating costs of a monetary character (EBITDA); ii) with regard to the statement of financial position, to focusing on the net working capital of a commercial nature, the Group's net invested capital, and the structure covering the same (own funds Vs. third-party funds).

More specifically, EBITDA is to be understood as the difference between revenues and monetary operating costs only. It does not include amortisation, depreciation and write-downs of non-current assets, write-downs/revaluations generally as well as provisions related to current assets included in the item "other provisions", as resulting from the consolidated income statement.

As indicated in the previous paragraph, in addition to the specific closures for the year, to better highlight the economic result deriving from ordinary operations, an adjusted EBITDA version is shown below, compared to revenues net of the component technically invoiced on behalf of the partners involved in the Temporary Business Groupings.

Economic Performance

Once again in 2019, the Group achieved a considerable increase in consolidated Revenues and Other Income, actually increasing the trend already highlighted in the previous year (+18%, EUR 241.0 million versus EUR 203.7 million in the previous year).

The Company considers the presentation of Adjusted Revenues to be of particular interest, reflecting the value of Consolidated Revenues and Other Income net of the amounts provisionally earned by the Company, but pertaining to the lead companies in the Temporary Business Groupings. In this sense, profitability in terms of the ratio of EBITDA to Adjusted Revenues, which stood at 14.44% in 2019, is particularly significant.

CONSOLIDATED INCOME STATEMENT Reclassified, in thousands of Euro	2019	%	2018	%	CHANGES amount	%
Revenue	236,961		201,856			
Other income	3,959		1,811			
REVENUE AND OTHER INCOME	**240,920**	**100.0%**	**203,667**	**100.0%**	**37,253**	**18.3%**
Raw materials and consumables	(10,445)	(4.3%)	(7,122)	(3.5%)	(3,323)	46.7%
General expenses	(63,707)	(26.4%)	(55,019)	(27.0%)	(8,688)	15.8%
Labour	(134,542)	(55.8%)	(114,804)	(56.4%)	(19,738)	17.2%
Amortisation, depreciation and write-downs	(16,140)	(6.7%)	(13,412)	(6.6%)	(2,728)	20.3%
Other provisions	(1,004)	(0.4%)	(97)	0.0%	(907)	935.1%
EBIT	**15,082**		**13,212**		**1,870**	**14.2%**
%	**6.3%**		**6.5%**			
Net financial expense	(2,278)	(0.9%)	(299)	(0.1%)	(1,979)	661.9%
NE Profit share of equity investments	4	0.0%	(97)	0.0%	101	(104.1%)
PRE-TAX PROFIT	**12,808**	**5.3%**	**12,816**	**6.3%**	**(8)**	**(0.1%)**
Tax expense	(3,034)	(1.3%)	(3,336)	(1.6%)	302	(9.1%)
NET RESULT	**9,774**		**9,480**		**294**	**3.1%**
%	**4.1%**		**4.7%**			
Shareholders of the Parent Company	9,358		9,228		130	
Non-controlling interests	416		252		164	

The adjusted gross operating margin amounted to EUR 32.2 million (EUR 28.6 million in 2018).

Once again this year, in the context of the particular dynamism shown by the Company in recent years, the significant commitment of the commercial, production and administrative structure aimed at optimising the integration process of new acquisitions that have widened the scope of consolidation should be highlighted.

The CAGR calculated over the last three years (base=2016) has grown by +20.9%.

The largest increase was in the Care SBA; from a geographical point of view, the value of foreign revenues accounted for 8.3%.

Depreciation and amortisation were EUR 16.1 million (+20.3% compared to 2018), reflecting both the vigorous investment policy of 2019 and the application of accounting standard IFRS 16 on leased assets.

The impact of financial management increased due to the combined effect, on the one hand, of higher interest expense (about EUR 500 thousand) on loans compared to the previous year and, on the other hand, a lower positive impact relating to the fair value measurement of financial assets and liabilities (EUR -1,160 thousand). It should also be noted that interest expense increased due to the entry into force of IFRS 16 (EUR 279 thousand).

There was also a significant reduction in the weight of tax management as a result of the release of taxes allocated to provisions in previous years; the tax impact stood at 1.3% of Revenues and Other Income instead of 1.6% in 2018, while the impact on Profit Before Tax fell to 23.8% compared to 26% in 2018.

The net result came to EUR 9.8 million (4.1% of total revenues, compared with 4.7% in FY 2018). The Group's share of the profit is EUR 9.4 million.

SUMMARY ECONOMIC DATA In thousands of Euro	2019	2018
Revenue and other income	240,920	203,667
Adjusted Revenue	223,302	192,898
Adjusted EBITDA	**32,226**	**28,580**
EBITDA % Adjusted	**14.44%**	**14.82%**
Pre-tax result	12,808	12,816
Net result	**9,774**	**9,480**

Economic data for SBAs

A summary of the income statement results for the Group's two main strategic business areas is presented in the following table. Please see the Notes to the consolidated financial statements for greater details.

Revenues from the Software SBA (Information Systems) and the Care SBA (Health Administrative and social welfare services, mainly CUP and contact centres) account for approximately 88% of total Group revenues on an annual basis. The choice of presenting income statement figures by segment focused on these two areas complies with our goal of pursuing a clear materiality criterion. In terms of activity, *Software* represents the technological driver of the entire Group, and this year confirms last year's revenues; the *Care* area posted growth of 35% (31.5% on Adjusted Revenues), linked to the award of the "Lazio Region" tender with the GPI Group in a leadership position on a national basis.

The Software area EBITDA is substantially in line with last year, while the percentage performance of the Care area shows a clear improvement from 4.7% in 2018 to 6.4% in 2019.

2019 ADJUSTED In thousands of Euro	SOFTWARE		CARE		CARE NORMALISED Net of Ass. partner	
	2019	2018	2019	2018	2019	2018
ADJUSTED REVENUE AND OTHER INCOME	**90,798**	**90,154**	**102,461**	**78,006**	**100,315**	**76,436**
ADJUSTED EBITDA	**21,930**	**22,292**	**6,590**	**3,701**	**6,293**	**3,397**
%ADJUSTED	**24.2%**	**24.7%**	**6.4%**	**4.7%**	**6.3%**	**4.4%**

Statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Reclassified, in thousands of Euro	2019	%	2018	%	2019/2018	
NET WORKING CAPITAL	91,289	58.9%	75,592	58.1%	15,697	20.8%
NON-CURRENT ASSETS	119,436	77.1%	105,205	80.9%	14,231	13.5%
OTHER OPERATING ASSETS/(LIABILITIES)	(55,841)	(36.0%)	(50,699)	(39.0%)	(5,142)	10.1%
NET INVESTED CAPITAL	**154,884**	**100.0%**	**130,098**	**100.0%**	**24,786**	**19.1%**
SHAREHOLDERS' EQUITY	72,095	46.5%	68,601	52.7%	3,494	5.1%
NFP	82,789	53.5%	61,497	47.3%	21,292	34.6%
TOTAL SHAREHOLDERS' EQUITY + NFP	**154,884**	**100.0%**	**130,098**	**100.0%**	**24,786**	**19.1%**

The Net Working Capital increased (EUR 15.7 million) due to the growth in revenues and significant orders received in the last months of the year; trade payables increased commensurately (EUR 37.9 as compared to EUR 32.2 million as at 31/12/18). The value of the product warehouse also increased, mainly due to the implementation activity of automated warehouses (EUR 4.8 million compared to EUR 3.9 million).

Non-current assets increased by EUR 14.2 million, mainly as a result of the application of the new IFRS 16 standards, which have had an impact of EUR 11.8 million.

Net invested capital amounted to EUR 154.9 million, an increase of approximately EUR 25 million compared to 31/12/2018 (with a 19.1% increase compared to the previous year).

Consolidated shareholders' equity reflects the payment of dividends for 2018 (paid in May 2019), the purchase of treasury shares and the profit generated during the year. Consolidated shareholders' equity amounts to EUR 72.1 million. The Group is financing its Net Invested Capital with a capital contribution of 46.5%.

The Net Financial Position stood at EUR 82.8 million, an increase compared to 31/12/2018 (EUR 69.2 million including EUR 7.7 million due to application of IFRS 16) with investments in M&A and technical (tangible and intangible) investments exceeding EUR 15 million (in addition to an increase for the year of EUR 4.2 million due to application of IFRS 16).

PROFITABILITY AND STRUCTURE OF OPERATING COSTS % ON ADJUSTED REVENUES	2019	2018
CONSUMPTION %	4.7%	3.7%
GENERAL EXPENSES %	**20.6%**	**22.0%**
LABOUR %	60.3%	59.5%
ADJUSTED EBITDA %	**14.6%**	**14.8%**

The summary indicators referring to the Group lead to the following considerations:

The percentage margins are substantially in line with the previous year and remain at good levels, guaranteeing for the Group an autonomous and satisfactory ability to generate operating cash that can be applied to strategic investments and the research engine.

The structure of operating costs shows a slight increase in the impact of personnel costs on Adjusted Revenues compared to 2018 (maintaining, however, a substantially flat curve over the three-year period 2017/2019), offset by the decrease in the impact of costs for services and general expenses. This is significant considering the increase in the weight of the Care SBA compared to the Software SBA recorded during the year. The impact of consumption increased by 1 percentage point as a result of the increase in the Automation SBA's volume of activity.

STRUCTURE OF FINANCIAL PAYABLES BY MATURITY & ON TOTAL	2019	2018
Short-term financial payables	54.2	40.6
Medium/long-term financial payables	109.5	87
TOTAL FINANCIAL PAYABLES	**163.7**	**127.6**
Short-term financial payables	33.1%	31.8%
Medium/long-term financial payables	66.9%	68.2%
TOTAL FINANCIAL PAYABLES	**100.0%**	**100.0%**

Working capital accounts for 58.9% of Net Invested Capital. The impact of non-current assets was 77.1%, down regarding the percentage covered in the previous year. At the funding level, equity (own funds) represents 47% of the total, compared with third-party funds at 53%.

ADDITIONAL PERFORMANCE INDICATORS	2019	2018
Trade receivables / revenues (DD)	58	66
Contract assets/ receivable assets from contracts and advances (%)	70%	65%
Net working capital / Revenues (DD)	136	134
NFP/EQUITY	1.1	0.90
NFP/EBITDA	2.57	2.30
EBITDA/Net financial expenses	14.15	89.3
Goodwill and other intangible assets/Total assets	24%	28%
Goodwill and other intangible assets/Equity	115%	117%

The net financial position is negative by EUR 82.8 million; the ESMA balance includes cash and cash equivalents of EUR 53.2 million, compared with EUR 41.6 million last year.

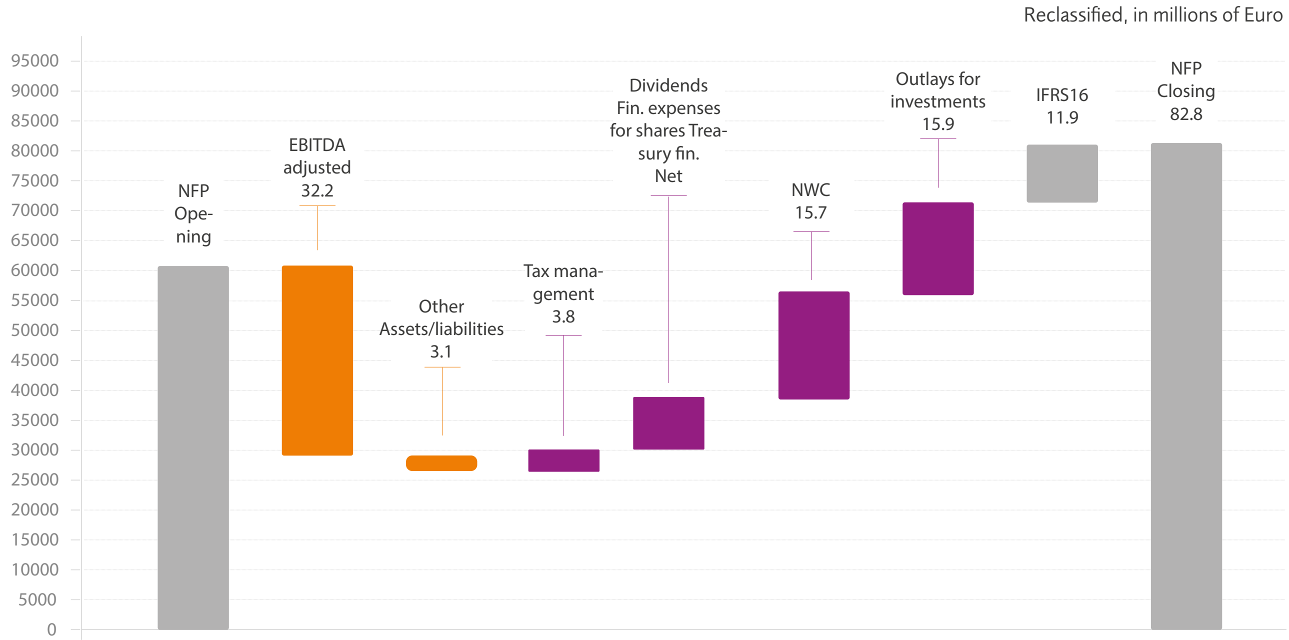
The coverage indicators between short-term commercial assets and liabilities and the structure of financial indebtedness, increasing in absolute value, are appropriately balanced.

The prevalence of long-term instruments is confirmed: long-term contracted debts account for 67% of the total, a substantially stable value continuing on from 2018 (68%).

Trade receivables from invoices issued, expressed in days, decreased compared to 2018; contracts assets in relation to total receivables and assets increased slightly, as did the impact of commercial net working capital on Revenues. The values of NFP/ Equity and NFP on EBITDA are higher than those recorded last year. On the other hand, the percentage of goodwill and other intangible assets in relation to total assets and equity fell.

Finally, the reclassified Cash Flow Statement shows that, in terms of cash flows, given an operational self-financing of EUR 32.2 million (including the positive impact of IFRS 16 of EUR 2.4 million), the Commercial Working Capital absorbed EUR 15.7 million, which is added to disbursements for investments of EUR 15.9 million and disbursements for dividends, financial charges and purchase of treasury shares of EUR 9.2 million. If added to the impact of the introduction of IFRS 16 by EUR 11.9 million, these dynamics are reflected in the EUR 21.3 million increase in the NFP.

2019 Statement of Cash Flows



Information pertaining to the separate financial statements

SEPARATE INCOME STATEMENT Reclassified, in thousands of Euro	2019	%	2018	%	CHANGES amount	CHANGES %
Revenues	168,939		112,874			
Other income	5,850		2,918			
REVENUE AND OTHER INCOME	**174,789**	**100.0%**	**115,792**	**100.0%**	**58,997**	**51.0%**
Raw materials and consumables	(9,280)	(5.3%)	(6,212)	(5.4%)	(3,068)	49.4%
General expenses	(47,733)	(27.3%)	(31,449)	(27.2%)	(16,284)	51.8%
Labour	(96,163)	(55.0%)	(66,685)	(57.6%)	(29,478)	44.2%
Amortisation, depreciation and write-downs	(8,262)	(4.7%)	(4,519)	(3.9%)	(3,743)	82.8%
Other provisions	(940)	(0.5%)	(32)	0.0%	(908)	2838.1%
EBIT	**12,411**		**6,894**		**5,517**	**80.0%**
%	**7.1%**		**6.0%**			
Net financial expense	3,130	1.8%	(954)	(0.8%)	4,084	(428.1%)
NE Profit share of equity investments	738	0.4%	4,530	3.9%	(3,792)	(83.7%)
PRE-TAX PROFIT	**16,279**	**9.3%**	**10,470**	**9.0%**	**5,810**	**55.5%**
Tax expense	(2,453)	(1.4%)	(2,734)	(2.4%)	281	(10.3%)
NET RESULT	**13,826**		**7,736**		**6,091**	**78.7%**
%	**7.9%**		**6.7%**			

It should be noted that the GPI Group consists of 23 legal entities, included within the scope of consolidation, which are highly integrated at the business and organisational level. GPI S.p.A. is connected at SBA level to most of its subsidiaries. The economic and equity interactions among the various companies therefore inevitably means that a realistic and meaningful view of an economic and equity nature can only emerge at the consolidated level.

The combination of the business components and the finalised extraordinary transactions resulted in an increase in revenues from EUR 115.8 to EUR 174.8 million. Net profit has increased significantly compared to last year (EUR 13.8 million in 2019 compared to EUR 7.7 million in 2018).

Net invested capital increased compared to last year, mainly due to an increase in trade working capital and to a lesser extent in non-current assets.

Shareholders' Equity was EUR 74.3 million, and the Net Financial Position rose to EUR 94.3 million due to the application of IFRS 16 (EUR 9.8 million) and the cash absorption of EUR 10.4 million.

SEPARATE STATMENT OF FINANCIAL POSITION Reclassified, in thousands of Euro	2019	%	2018	%	2019/2018	%
Net working capital	80,744	0.48	68,236	0.48	11,798	0.34
Non-current assets	112,252	0.66	96,920	0.69	15,332	0.16
Other operating assets/ (Liabilities)	(24,322)	(0.14)	(24,323)	(0.17)	(711)	(0.03)
NET INVESTED CAPITAL	**168,673**	**1.00**	**140,833**	**1.00**	**27,840**	**0.20**
SHAREHOLDERS' EQUITY	74,334	0.44	66,785	0.47	7,549	0.12
NFP	94,339	0.56	74,048	0.53	20,291	0.27
TOTAL SHAREHOLDERS' EQUITY + NFP	**168,673**	**1.00**	**140,833**	**1.00**	**27,840**	**0.20**

Shareholding structure

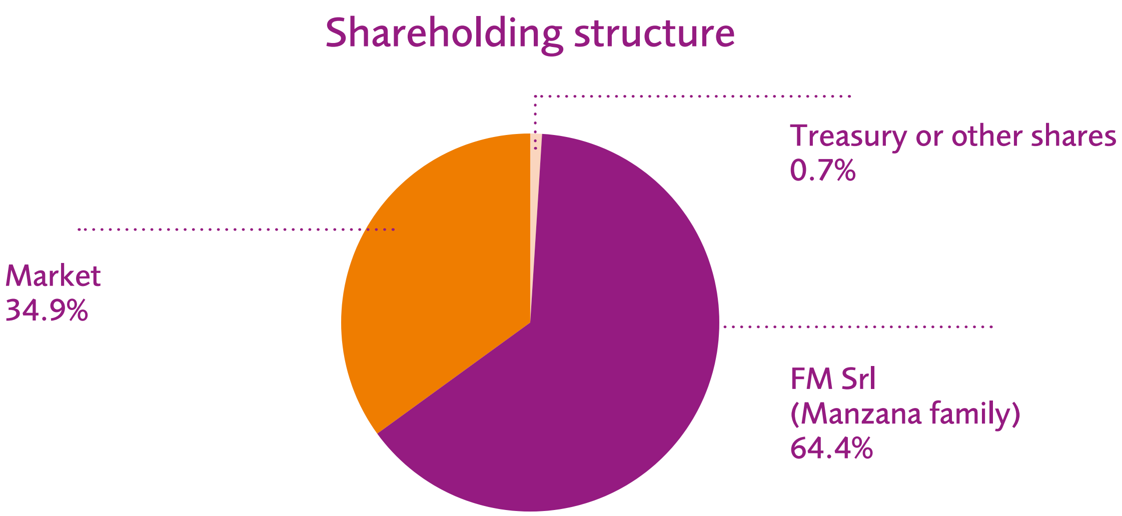
As at 31/12/2019 Gpi S.p.A. was controlled by FM S.r.l. (Manzana Family) which has a 64.37% stake (and 64.37% of the voting rights).

As at 1 January 2019, the Company's subscribed and paid-in share capital amounted to EUR 8,544,963.90 represented by a total of 15,909,539 shares without par value, of which 15,848,219 are ordinary shares and 61,320 are special category "C" shares.

As the conditions for the automatic conversion of these shares into ordinary shares had been met, on 6 May 2019 they were converted into the same number of ordinary Gpi shares at a ratio of 1 ordinary Gpi share for every 1 special class "C" share, without any change in the amount of the share capital.
Following the conversion as at 31 December 2019, the share capital of Gpi S.p.A. was EUR 8,544,963.90, divided into a total of 15,909,539 ordinary shares with no par value.

Also, as at 31 December 2019, the company held 113,894 treasury shares (see details in the following paragraph).
There are 2,368,380 warrants outstanding; a total of 186,620 warrants were converted as at the date of this document.

Currently, the parent company FM S.r.l. holds 64.37% of the share capital and is the only shareholder with voting rights above the 5% materiality threshold.



Treasury shares held by the Parent Company and the subsidiaries

Pursuant to Article 2428, point 3) of the Italian Civil Code, it is hereby confirmed that Gpi S.p.A. owned 113,894 treasury shares (equal to 0.72% of the share capital) as at 31 December 2019. Treasury shares are purchased for the purpose of carrying out investment transactions and establishing a securities "warehouse".

There are no other reported transactions involving treasury shares by subsidiaries.

Parent and consolidated shareholders' equity

Please refer to Note 7.10 of the Consolidated Financial Statements for details regarding the reconciliation between the Shareholders' Equity of the parent company Gpi S.p.A. and the consolidated Shareholders' Equity.

Technology, Research & Development

The pervasive changes in store in the near future for the world of national health, particularly public health, are linked to the evolution of demographic trends and the sector's spending capacity. In this scenario, the digitisation of healthcare system management processes represents an important ally both in terms of economic savings (up to 10% of the EUR 115 billion of total expenditure in the coming years[1]), as well as in terms of the quality and reliability of the system as a whole.

To respond effectively to the reference scenario, Gpi has identified strategic innovation areas for the next three years. The fundamental areas are the new technologies of deep learning, machine learning and neural networks, with the development of cognitive algorithms applied to the specific domain of health as well as to other Public Administration services.

Research and Development (R&D) activities, to which about 8% of the Software area's revenues are allocated, are developed through two synergistic channels:

- the Research and Development internal organisational unit, with a staff of 12 people (there were 5 in 2016);
- the Software Factory, a technical structure of the Group.

Derivative financial instruments

Please see the explanatory notes which follow for a breakdown of the derivative financial instruments as at the date of the financial statements.

Relations with subsidiaries and associated companies

Please refer to the notes below for details of transactions with subsidiaries, associated companies and parent companies.

Human resources

In 2019, the work of revising and reorganising the processes relating to human resources, and the consequent evolution of the internal information systems supporting the function, continued.

For companies, such as Gpi, that operate in sectors that are technology-oriented and require close customer relationships, people represent a strategic resource to ensure high standards of quality and long-term development.

The Human Resources Department has therefore considered it important to promote and launch the refocusing of job profiles in the light of the strong dynamics of the workforce observed in recent years, with a significant number of people and new and diverse professionals joining the Group. It is a project that, in combination with other actions, we believe will contribute significantly to mutual knowledge and sharing of professional role identities, the dynamics of responsibility and overall engagement of people.

Gpi's corporate population in recent years has been characterised by continuous growth, in line with the development of the business.

1 Source: Ministry of Health

As at 31 December 2019 the Group had a total of[2] 5,**345** employees (up by 22% compared to 2018), almost entirely employed by Gpi SpA and its Italian subsidiaries (97% of the total). People are distributed evenly throughout the country, in line with the locations of the Group's offices. In addition to this figure, there are **575 collaborators** who cooperate with the Company in assorted capacities in various partnerships.

	31/12/2019	31/12/2018
Employees and apprentices	5,198	4,252
Middle managers	77	74
Executives	39	37
Blue-collar workers	31	14

Quality of employment and industrial relations

All Group personnel are hired under regular employment contracts and, in Italy, they are fully covered by certain types of national collective agreements - a consequence of the acquisition and merger transactions that have taken place over the years.

Employment dynamics require particular attention to the harmonisation of collective/regulatory bargaining and the uniform application of company policies. The objective is to guarantee uniform working conditions and opportunities to the staff of all business areas and acquired companies.

This process has progressively led to the application of two reference National Collective Labour Agreements: the Confindustria Multiservices Integrated Services Contract (for SBAs operating in business processing outsourcing mode) and the Metalmeccanico Aziende Industriali Contract (for the ICT area), which together now cover 98% of the company population (79% in 2018).

Gpi promotes an ongoing dialogue with trade unions to ensure quality in working relationships and good employment conditions for all employees. This occurs especially during procurement contract change and takeover operations that characterise the Care area (Business Process Outsourcing), with an approach that aims to:
- enhance the staffing already in place with the previous contractor;
- make the new structure compatible with the project that led to the award of the contract;
- manage all organisational aspects of the change, paying special attention to the corporate effects.

We invest in the development and growth of the various professions with introductory training courses, refresher courses and courses that are relevant to the entire company population.

In 2018, operating activities and the reorganisation of the business had led to a reduction in training activities for the corporate population. In 2019, the trend has changed significantly, and now training initiatives in the various areas have strongly resumed.

The high level of dynamism insofar as resource rotation continues to characterise us, proving the significance we attach to employee motivation, internal growth, and professional and personal enrichment.

The internal job posting tool once again proved to be an effective tool for the pursuit of these objectives.

Gpi promotes safety in the workplace by raising awareness, including through initial training and continuous updating, of responsible and careful behaviour in relation to employees' own safety and that of their colleagues.

Gpi has had in place an occupational safety management system that is certified according to the international standard OHSAS 18001:2007 since 2012.

With the publication of the Health, Safety and Environment Policy, Gpi has also committed to:
- operate in accordance with safety regulations;
- preliminarily assess risks to staff;
- promote training and information activities through the appropriate communication channels;
- pursue improvement objectives in relation to the safety of its workers.

2 Italy and Abroad

Organisation, management and control model

The Code of Ethics and the Organisation and Control Model of Gpi S.p.A., prepared in accordance with Legislative Decree No. 231/2001[3], of which the Code of Ethics is an integral part, are the key documents of the internal regulatory system that defines principles and rules for conducting business.

Additionally, there are policies, procedures and management systems that are certified according to international standards, which govern certain relevant areas of business operations.

On behalf of the Board of Directors, the Chief Executive Officer is responsible for structuring and maintaining an effective system for ensuring that operations are in compliance with internal and external rules, and for risk management.

The assessment of the adequacy and functioning of the system is the responsibility of the supervisory bodies: Board of Statutory Auditors, Supervisory Body (OdV) of Gpi and the Italian subsidiaries that are under Model 231, (Lombardia Contact, Cento Orizzonti, Gbim , Argentea) and the Internal Audit function, currently managed by an external company, selected on the basis of the criteria of independence, competence and integrity necessary to carry out the task.

In 2019, verification and control activities took the form of 52 internal audits, carried out by the General Affairs Department and Internal Audit and 52 man-days for audits carried out by third parties as part of the procedure for the issuance and maintenance of management system certifications.

During 2019, an ERM (Enterprise Risk Management) system was also designed, implemented and deployed. The ERM project, carried out together with our partner Protiviti, required an 8-month engagement by the Company: 20 meetings were held, involving more than 40 representatives of all the SBAs, the Group's Departments and the 3 main foreign companies. The assessment identified and documented 50 risks. The relevant Intervention Plans, aimed at preventing/mitigating any impact, have already been prepared for the most significant risks.

Risks

The main identified risks, proposed according to type/category, are listed below.

Type	Macro-description
EXTERNAL ENVIRONMENT	• Competition • Technological evolution • Macroeconomic & Industry trends • Country Risk
FINANCIAL	• Financial counterparties • Covenants • Trade credit • Interest rates
LEGAL AND COMPLIANCE	• Compliance with laws and regulations • Compliance with internal policies and regulations • Litigation • Contractual liability
OPERATIONAL	• Business Interruption • Efficiency and operational capacity • Public tenders • Information Technology • Planning, reporting and control • Procurement and supplier reliability • Product and service quality • Human resources
STRATEGIC	• Business Model • Key Business Partners • Key Clients • Merger and Acquisition • Intellectual Property and Know-How

3 Model 231 is inspired by the "Guidelines for the construction of organisational, management and control models" prepared by Confindustria and updated July 2014, as well as national best practices. The last revision was approved on 6 April 2018.

Operating offices

The Company has no branch offices within the meaning of Article 2428 of the Italian Civil Code.

Derivative financial instruments

Please see the explanatory notes which follow for a breakdown of the derivative financial instruments as at the date of the financial statements.

Relations with subsidiaries and associated companies

Please refer to the explanatory notes below for details of relations with subsidiaries, associate companies and parent companies.

Related-party transactions

Please refer to Note 10.7 of the Consolidated Financial Statements regarding the nature and extent of transactions with related parties, at consolidated level and in the Gpi S.p.A. financial statements.

Other information

Pursuant to Article 2.6.2, paragraph 7 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A., the information conditions referred to in Article 15 of Consob Regulation No. 16191/2007, letters a), b), and c), point i), are not applicable.

• Outlook

For Gpi as well, the Covid-19 health emergency that the WHO has defined as a pandemic has turned into a situation that is as unexpected as it is complex.

At the moment, the health emergency is certainly among the top priorities that the Group is managing in consideration of two fundamental aspects:

- Protection of the health of all the people working within the Group and all the partners with whom we cooperate;
- Management of the economic/financial implications related to the business and the work dimension of our staff.

Employee health

Our organisation is in compliance with the provisions of current health and safety regulations. Solutions have been applied that are designed to create barriers to the spread of the virus (e.g., minimum distances between workstations, work shifts to reduce crowding, disinfection measures, restrictions in the use of common areas, etc.); at the same time, initiatives have been taken to review the organisation of work which, in addition to contributing to safety aspects, guarantee the continuity of productivity of our collaborators. Smart working is certainly one of the choices adopted which, in addition to contributing to the management of the emergency, also guarantees a dimension of work-life balance.

Revenue

To date, customer orders are confirmed, no cancellations have been received; at the same time, we are registering an increase in customer requests for new services (e.g., telemedicine and related organisational solutions for remote patient management) and IT support services for emergency management. The management of bookings has slowed down and in some cases some LHAs [Local Health Authorities] have temporarily suspended new booking activities, but at the same time the cancellation and rebooking activities mean higher volumes of activity for us, so that the net effect is very positive. Also as regards Care SBA, there are numerous requests for the activation of information services in support of the emergency that will lead to a notable increase in revenues, which will most likely be of a structural nature. Insofar as software is concerned, it is possible that there will be a slippage of the activities that were scheduled during this emergency period. Instead, a potential slowdown in deliveries related to orders in the robotics market is expected, due to the temporary logistical difficulties.

Financial

The existence of electronic invoicing and the certainly enhanced resources for the entire healthcare supply chain lead to an expectation of a potential reduction in collection times from the Public Administration, as our company operates mainly in the healthcare sector.

The activity carried out by the Company in the healthcare world and the great dynamism shown in recent years constitute a solid support base.

In the light of the current situation, whose evolution over time is difficult to predict, two main scenarios were considered.

If the emergency ends in the short term, the Company's operations will continue positively, both through the growth of the domestic and international market as well as through M&A transactions. The 2020 financial year will therefore close with an increase in terms of revenues and EBITDA.

However, should the Covid-19 emergency persist for a protracted period of time, the Company will review its business and development plans, assessing both the negative effects as well as new opportunities.

Consolidated Financial Statements as at 31 December 2019

02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION,in thousands of Euro	Note	31 December 2019	31 December 2018
Assets			
Goodwill	7.1	26,523	24,038
Other intangible assets	7.1	56,656	56,023
Property, plant and equipment	7.2	27,800	15,588
Equity-accounted investments for using the equity method	7.3	170	241
Non-current financial assets	7.4	1,199	2,092
Deferred tax assets	7.5	4,983	3,291
Contract costs	7.7	7,088	7,223
Other non-current assets	7.6	921	1,399
Non-current assets		**125,340**	**109,895**
Inventories	7.7	4,770	3,937
Contract assets	7.7	87,510	67,799
Trade and other receivables	7.7	43,227	41,005
Cash and cash equivalents	7.8	53,241	41,600
Current financial assets	7.4	27,639	24,459
Current tax assets	7.9	662	904
Current assets		**217,050**	**179,704**
Total assets		**342,390**	**289,599**
Shareholders' equity			
Share capital		8,545	8,545
Share premium reserve		56,872	56,872
Other reserves and retained earnings / (losses carried forward), including profit (loss) for the year		5,019	1,914
Capital and reserves attributable to owners of the parent	7.10	**70,435**	**67,331**
Capital and reserves attributable to non-controlling interests	7.10	**1,660**	**1,270**
Total equity		**72,095**	**68,601**
Liabilities			
Non-current financial liabilities	7.11	109,462	86,990
Non-current provisions for employee benefits	7.12	6,075	6,059
Non-current provisions for risks and charges	7.13	225	270
Deferred tax liabilities	7.5	9,493	11,196
Trade and other payables	7.14	6,357	15,584
Non-current liabilities		**131,612**	**120,099**
Contract liabilities	7.6	159	1,574
Trade and other payables	7.14	78,952	53,598
Current employee benefits	7.12	749	546
Current provisions for risks and charges	7.13	241	475
Current financial liabilities	7.11	54,207	40,565
Current tax liabilities	7.9	4,376	4,141
Current liabilities		**138,683**	**100,899**
Total liabilities		**270,295**	**220,998**
Total equity and liabilities		**342,390**	**289,599**

CONSOLIDATED INCOME STATEMENT, In thousands of Euro	Note	31 December 2019	31 December 2018
Revenue	9.1	236,961	201,856
Other income	9.1	3,959	1,811
Total revenue and other income		**240,920**	**203,667**
Raw materials and consumables	9.2	(10,445)	(7,122)
Service costs	9.3	(60,888)	(52,092)
Personnel expenses	9.4	(134,542)	(114,804)
Amortisation, depreciation and impairment losses	9.5	(16,140)	(13,427)
Other provisions	9.6	(1,004)	(82)
Other operating costs	9.7	(2,819)	(2,927)
Operating profit / (loss)		**15,082**	**13,212**
Financial income	9.8	1,875	2,261
Financial expense	9.8	(4,153)	(2,560)
Net financial income		**(2,278)**	**(299)**
Share of (profit) / loss of equity-accounted investees, net of tax	9.9	4	(97)
Pre-tax profit		**12,808**	**12,816**
Income tax	9.10	(3,034)	(3,336)
Profit / (loss) for the year		**9,774**	**9,480**
Profit / (loss) for the year attributable to:			-
Owners of the parent		9,358	9,228
Non-controlling interests		416	252

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT,in thousands of Euro	Note	31 December 2019	31 December 2018
Profit for the year		**9,774**	**9,480**
Other comprehensive income (expense)	7.10		
Items that will not be reclassified to profit or loss			
Revaluations of net liabilities/(assets) for defined benefits		(399)	(142)
Change in the fair value of financial assets with effect on OCI [Other Comprehensive Income]		41	690
Taxation on items that will not be reclassified to profit or loss		96	34
		(262)	**583**
Items that may be reclassified subsequently to profit or loss			
Change in the conversion reserve		(3)	41
Cash flow hedges		7	129
Taxation on Items that may be reclassified subsequently to profit or loss		(2)	(31)
		3	**139**
Other comprehensive income (expense) for the year, net of taxation		**(259)**	**722**
Total comprehensive expense		**9,515**	**10,201**
Total comprehensive income (expense) attributable to:			
Owners of the parent		9,114	9,934
Non-controlling interests		401	267

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY In thousands of Euro	Share capital	Share premium reserve	Reserve for revaluation of defined benefit plans (IAS 19)	Translation reserve	Cash flow*hedge reserve*	Valuation reserve at fair value of financial assets with effect on OCI	Other reserves and retained earnings / (losses carried forward), including profit/ (loss) for the year	Total	Equity Investments of minority interests	Total equity
Balance as at 01 January 2018	**8,533**	**55,733**	**(116)**	**14**	**(245)**	**173**	**(1,185)**	**62,907**	**1,134**	**64,041**
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	9,228	9,228	252	9,480
Other comprehensive income (expense)	-	-	(106)	24	98	690	-	706	15	722
Total comprehensive income	**-**	**-**	**(106)**	**24**	**98**	**690**	**9,228**	**9,934**	**267**	**10,202**
Transactions with owners										
Purchase of treasury shares	-	-	-	-	-	-	(1,440)	(1,440)	-	(1,440)
Dividends	-	-	-	-	-	-	(4,742)	(4,742)	(20)	(4,762)
Business combinations	-	-	-	-	-	-	-	-	-	-
Other transactions with owners	12	1,139	-	-	-	-	302	1,453	(15)	1,438
Total transactions with owners	**12**	**1,139**	**-**	**-**	**-**	**-**	**(5,880)**	**(4,729)**	**(35)**	**(4,764)**
Other changes	-	-	(87)	12	1	-	(708)	(782)	(96)	(878)
Balance as at 31 December 2018	**8,545**	**56,872**	**(309)**	**51**	**(146)**	**863**	**1,455**	**67,331**	**1,270**	**68,601**
Balance as at 01 January 2019	**8,545**	**56,872**	**(309)**	**51**	**(146)**	**863**	**1,455**	**67,331**	**1,270**	**68,601**
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	9,358	9,358	416	9,774
Other comprehensive income (expense)	-	-	(288)	(3)	6	41	-	(244)	(15)	(259)
Total comprehensive income	**-**	**-**	**(288)**	**(3)**	**6**	**41**	**9,358**	**9,114**	**401**	**9,515**
Transactions with owners										
Purchase of treasury shares	-	-	-	-	-	-	(793)	(793)	-	(793)
Dividends	-	-	-	-	-	-	(5,223)	(5,223)	(20)	(5,243)
Business combinations	-	-	-	-	-	-	-	-	-	-
Other transactions with owners	-	-	-	-	-	-	9	9	(29)	(20)
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(6,007)**	**(6,007)**	**(49)**	**(6,056)**
Other changes	-	-	(37)	-	(1)	-	38	-	37	37
Balance as at 31 December 2019	**8,545**	**56,872**	**(635)**	**48**	**(141)**	**904**	**4,844**	**70,437**	**1,659**	**72,095**

CONSOLIDATED STATEMENT OF CASH FLOWS In thousands of Euro	Note	31 December 2019	31 December 2018
Cash flows from operating activities			
Profit / (loss) for the year		9,774	9,480
Adjustments for:			-
- Depreciation of property, plant and equipment	9.5	4,159	2,039
- Amortisation of intangible assets	9.5	9,682	9,217
- Amortisation of contract costs	9.5	2,299	2,171
- Other provisions	9.6	1,004	82
- Financial income and expenses	9.8	2,278	299
– Share of (profit) / loss of equity-accounted investees, net of tax	9.9	(4)	97
- Income tax	9.10	3,034	3,336
Changes in working capital and other changes		(12,776)	(7,462)
Interest paid		(3,789)	(2,616)
Income taxes paid		(3,814)	(3,124)
Net cash and cash equivalents generated by operating activities		**11,847**	**13,520**
Cash flows from investing activities			
Interest collected		587	347
Acquisition of subsidiaries, net of liquidity acquired		(1,879)	(3,123)
Net investments in property, plant and equipment	7.2	(4,422)	(2,408)
Net investments in development costs and other intangible assets	7.1	(9,031)	(9,060)
Net change in other current and non-current financial assets		5,147	(1,516)
Net cash and cash equivalents absorbed by investment activities		**(9,598)**	**(15,760)**
Cash flows from financing activities			
Purchase of treasury shares		(793)	(636)
Dividends paid	7.10	(5,243)	(4,742)
Amounts collected from assumption of bank loans		7,500	56,918
Repayment of bank loans		(24,838)	(18,595)
Receipts from the issue of bond loans		30,000	-
Repayments of bond loans		(3,000)	(11,750)
Lease payments		(353)	(575)
Lease payments IFRS 16		(2,136)	-
Net change in other current and non-current financial liabilities		9,977	(11,460)
Acquisitions of minority interests		(54)	-
Change in payables for acquisition of equity investments		(1,668)	(5,257)
Net cash and cash equivalents generated by financing activities		**9,392**	**3,904**
Net increase (decrease) in cash and cash equivalents		**11,641**	**1,663**
Initial cash and cash equivalents		41,600	39,936
Cash and cash equivalents		**53,241**	**41,600**

• Notes to the consolidated financial statements

1.General information

The GPI Group (hereinafter also defined as the "Group") operates in the field of social-healthcare IT services and new hi-tech services for health.

The Group's offering combines specialised IT expertise and advisory and planning capabilities that make it possible to operate in a range of business areas:*Software*, *Care*, *Automation*, *ICT and Pay* (see Note 9.1).

The Parent Company is GPI S.p.A. (hereinafter also referred to as "GPI" or "the Parent Company") whose ordinary shares and warrants are listed on the Mercato Telematico Azionario managed by Borsa Italiana S.p.A. and therefore subject to the supervision of CONSOB (Commissione Nazionale per le Società e la Borsa).

The registered offices are in Via Ragazzi del '99, 13 Trento, Italy.

As of the date of drafting these consolidated financial statements, FM S.r.l. is the shareholder who holds the majority of GPI S.p.A.'s shares, managing and coordinating the latter.

These consolidated financial statements as at and for the year ended 31 December 2019 have been approved by GPI's Board of Directors during the meeting held on 27 March 2020.

2. Form and content of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with Articles 2 and 3 of Legislative Decree No. 38/2005 and Article 154-ter "Financial Report" of the Consolidated Finance Act (TUF) and subsequent amendments, on the assumption that the Parent Company and the other consolidated companies of the Group will continue to operate on a going-concern basis.

The consolidated financial statements are prepared in accordance with *International Financial Reporting Standards*(IFRS), issued by the *International Accounting Standards Board* and approved by the European Commission, which include the interpretations issued by the European CommissionInternational Financial Reporting Interpretations Committee(IFRIC), as well as the previous*International Accounting Standards*(IAS) and interpretations of the *Standing Interpretations Committee*(SIC) still in force, approved by the European Commission. For the sake of simplicity, all the standards and interpretations are defined as the "IFRS" throughout this document. In addition, account was taken of the measures issued by Consob in implementation of paragraph 3 of Article 9 of Legislative Decree No.38/2005 concerning the preparation of financial statements.

The consolidated financial statements comprise the consolidated accounting schedules (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows) and these Notes, applying the matters envisaged by the provisions of IAS 1 "Presentation of Financial Statements" and the general historical cost approach, except the financial statement items recognised at fair value pursuant to the IFRS. The statement of financial position is presented using the layout that distinguishes between current and non-current assets and liabilities. The costs are classified on the basis of the nature of the same in the income statement. The statement of cash flows is drawn up applying the indirect method.

The IFRS are applied on a consistent basis with the indications provided in the "Conceptual Framework for Financial Reporting" and no problems arose that would have required derogation as defined in section 19 of IAS 1.

It should also be noted that pursuant to Resolution No. 15519 of 27 July 2006, Consob required the inclusion in the above-mentioned financial statements of any significant sub-items in addition to those already specifically provided for in IAS 1 and other IFRS, to highlight them separately from the reference items:
- the amounts of positions and transactions with related parties;
- income components deriving from non-recurring events and operations whose occurrence, or from operations or facts that are infrequent in the usual course of business.

All the balances are expressed in thousands of Euro, unless otherwise indicated. The Euro is the functional currency of the Parent and the main subsidiaries, as well as the presentation currency of these consolidated financial statements. The corresponding

balance for the previous year is shown for each item of the consolidated accounting schedules, for comparative purposes.
It is hereby noted that the new accounting standard of IFRS 16 "Leases" came into force with effect from 1 January 2019. It provides a single model for the recognition of leasing contracts, eliminating the previous distinction between operating and finance leases for the lessee. On first-time adoption, the Group availed itself of the option granted by the standard to recognise the effects of the application of the standard in the consolidated statement of financial position at 1 January 2019, without modifying the comparative consolidated income statement. Please refer to Note 3 regarding the impact of the new standard on the Group's balances.

3. Accounting standards and policies applied

The most significant accounting standards and policies applied during the preparation of the separate financial statements as at and for the year ended 31 December 2019, are illustrated below. The accounting standards described below have been applied uniformly across all periods included in these consolidated financial statements, except the changes introduced by the application of the new accounting standard IFRS 16 " "*Leases*", which enter into effect on 1 January 2019.

Intangible assets and goodwill

Intangible assets are the identifiable assets lacking physical consistency, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired against payment.

The identifiability is defined with reference to the possibility of distinguishing the intangible assets acquired with respect to goodwill. This requirement is normally met when the intangible asset: (i) is attributable to a legal or contractual right or (ii) is separable, or can be sold, transferred, leased or exchanged autonomously or as an integral part of other assets. The control by the company involves the ability to avail of the future economic benefits deriving from the assets and the possibility of limiting access to the same by others.

The costs relating to internal development activities are recognised under assets when: (i) the costs attributable to the intangible asset can be reliably determined; (ii) there is the intention, availability of financial resources and technical capacity to render the assets available for use or sale, (iii) it can be demonstrated that the asset is able to produce future economic benefits.

Goodwill arising from the acquisition of subsidiaries is valued at cost less accumulated impairment losses. Intangible assets are recognised at cost, which is determined in accordance with the same methods indicated for property, plant and equipment.

Intangible assets with a defined useful life are amortised as from the moment the same assets are available for use, in relation to the residual useful life.

The annual depreciation rates used in 2019, presented by standardised categories with indication of the related interval of application, are shown in the table below:

Intangible assets	Depreciation rate
Software	12% - 33%
Customer relations	10% - 50%
Other intangible assets	12% - 33%

Property, plant and equipment

Property, plant and equipment are stated at purchase cost, inclusive of any directly attributable related charges, as well as the financial expense incurred during the period of realisation of the assets.

The cost of the property, plant and equipment, determined as indicated above, whose use is limited over time, is depreciated systematically each year, on a straight-line basis, on the basis of the estimated economic-technical life.

If significant parts of property, plant and equipment have different useful lives, these components are recognised separately in the accounts. Land, whether free from construction or associated with industrial and non-industrial buildings, is not depreciated since it has an unlimited useful life.

The annual depreciation rates used in 2019, presented by standardised categories with indication of the related interval of application, are shown in the table below:

Property, plant and equipment	Depreciation rate
Buildings	3%
Plant and machinery	12% - 30%
Industrial equipment	15%
Other assets	12% - 15%

In the presence of specific indicators regarding the risk of non-recovery of the carrying amount of the property, plant and equipment, these are subject to an impairment test to detect any losses in value, as described further on in the relevant section.

Property, plant and equipment are no longer recorded in the financial statements further to their disposal; any gain or loss (calculated as the difference between the disposal value, net of the selling costs, and the carrying amount) is recognised in the income statement in the year of disposal.

Equity Investments

Equity Investments in non-consolidated subsidiaries, in associates and in joint ventures are accounted for using the equity method and recognised initially at cost, recognising the portion of the profits or losses accrued during the year pertaining to the Group in the income statement, with the exception of the effects relating to other changes in the equity of the investees, other than transactions with the shareholders, which are directly reflected in the Group's statement of comprehensive income.

Associate companies are entities over whose financial and operating policies the Group exercises significant influence, but does not have control or joint control, while joint ventures are defined by an agreement affording the Group rights to net assets, rather than claiming rights on the assets and assuming obligations for the liabilities.

In the event of possible losses exceeding the carrying amount of the investment, the excess is recognised in a specific liability reserve to the extent that the investing company is obliged to fulfil legal or implicit obligations vis-à-vis the investee or in any event to cover the losses.

Contract costs

The entity recognises the incremental costs of obtaining the contract with the customer as an asset, if it expects to recover them.
The incremental costs of obtaining a contract are the costs the entity incurs to obtain the contract with the customer that it would not have incurred had it not obtained the contract.

Costs for obtaining a contract that would have been incurred even if the contract had not been obtained are recognised as expenses at the time they are incurred, unless they are explicitly chargeable to the customer even if the contract has not been secured or they do not meet the requirements for recognition as assets as costs for the performance of the contract.

As a practical expedient, an entity may recognise the incremental costs of obtaining the contract as an expense when incurred if the amortisation period of the asset that the entity would otherwise have recognised does not exceed one year.

If the costs incurred to fulfil the contract with the customer are not within the scope of another standard, the entity recognises the costs incurred in fulfilling the contract as assets only if the costs meet all of the following conditions:

- the costs are directly related to the contract or an intended contract, which the entity can identify specifically (for example, costs incurred for services to be provided under the renewal of the existing contract or for the design of an asset to be transferred under a specific contract that has not yet been approved);
- the costs allow the entity to have new or additional resources available to meet (or continue to meet) its future performance obligations, and the costs are expected to be recovered.

Costs directly related to a contract (or to a specific contract expected to be concluded) include the following:
direct labour costs (e.g., wages and salaries of employees who directly provide the promised services to the customer);
- direct raw material costs (e.g., supplies used to provide the customer with the promised services);
- allocations of costs that are directly related to the contract or contractual activities (e.g., costs of managing and supervising the contract, insurance and depreciation of instruments, equipment and right to use assets applied in the performance of the contract);
- the costs explicitly chargeable to the customer under the contract, and
- other costs incurred solely because the entity entered into the contract (e.g., payments to subcontractors).

An entity shall recognise the following costs as expenses when incurred:
- general and administrative costs, unless explicitly chargeable to the customer under the contract;
- the costs of losses of material, working hours or other resources used for the performance of the contract which were not included in the contract price;
- costs relating to obligations fulfilled (or partially fulfilled) under the contract (i.e., costs relating to past services); and
- costs which the entity is unable to determine as being related to unfulfilled obligations or fulfilled (or partially fulfilled) obligations.

Revenue

The Group has used the option to apply the accounting standard endorsed by the European Commission in 2016 "IFRS 15 Revenues from Contracts with Customers" from the year ended 31 December 2016.

Revenue is recognised on the basis of the payments allocated to*"performance obligations* :deriving from contracts with customers.

The recognition of revenue takes place at the time the related performance obligation is satisfied, or when the Group has transferred control over the good or service to the customer, in the following ways:
- over time ;
- at a specific point in time.

The following table shows the main types of products and services which the Group supplies to its customers and the related recognition methods:

Products and services	Nature and time-scale for satisfying the performance obligations
Supply of hardware and software	The Group recognises the "point in time" revenue when the hardware and software devices are available for use by the customer. This normally takes place on completion of the installation of the devices by the Group.
Supply of administrative services	For long-term contracts for the supply of administrative services, the Group recognises the portion of "point in time" revenue corresponding to the preparation and launch of the technological and operational infrastructure. The handling of administrative services, usually long-term, determines the recognition of the "over time" revenue.
Corrective and adaptive software maintenance and help-desk services	The fees for corrective and adaptive *software maintenance* and for*help desk* services are recognised "*over time*", on a straight-line basis over the supply period, since the economic benefits are independent of the degree of use of said services by the customers.
Developmental software maintenance	The Group recognises the revenue from services for the developmental maintenance of the software as said services are provided. This normally takes place "*over time*" on the basis of the chargeable days of work.
Supply of machinery (including under finance leases)	Revenues from the supply of machinery (including under finance leases) are recognised at the time when the customer's financial risks and benefits arising from the control of the goods are transferred to the customer, which normally occurs upon delivery.
Activities of Desktop Management	The fees for system assistance and Desktop Management are recognised "over time", for contracts that are usually long-term.
Payroll Services	Group revenues from payroll processing services and control of the resulting information from the calculation of salaries, are recorded "over time".

In cases where a contract with the customer involves several performance obligations, the Group takes steps to make an equal allocation of the contractual payment on the basis of the "expected cost-plus margin" approach. This typically takes place in packages for the supply of hardware and/or software and maintenance, in administrative service contracts (so-called CUP) and in the e-money sector.

Interest income, as well as income expense, is calculated on the value of the related financial assets and liabilities, using the effective interest rate.

Dividends are recognised when the right of the shareholders to receive the related payment arises.

Contract assets and liabilities

The contracts with customers are recognised on the basis of the payments accrued with reasonable certainty in relation to the satisfaction of the performance obligations deriving from said contracts.

The accrued payments include: (i) revenue accrued on the performance obligations fulfilled "over time" and (ii) revenues accrued on the performance obligations fulfilled "at point in time" or, if the performance obligations which lead to the recognition of "at point in time" revenue have not yet been fulfilled as of the reporting date, the costs incurred for the fulfilment of the performance obligations not yet fulfilled.

The positive or negative difference between the payment accrued and the amount invoiced is recognised respectively under the assets or under the liabilities in the statement of financial position, having also taken into account any write-downs made for risks associated with the failure to recognise the services performed.

In the event that due to the fulfilment of the performance obligations envisaged by the contracts a loss is envisaged, this is immediately booked to the income statement irrespective of the state of fulfilment of the performance obligations.

Financial instruments

The financial instruments held by the Group are represented by the items described below.

- Financial assets

Financial assets include equity investments, current securities, financial receivables, also represented by the positive fair value of derivative financial instruments, trade and other receivables, and cash and cash equivalents.

In particular, cash and cash equivalents include cash, bank deposits and highly marketable securities that can be readily converted into cash and that are subject to an insignificant risk of change in value.

Current securities include securities with short-term maturities or negotiable securities that represent temporary investments of cash and that do not meet the requirements to be classified as cash and cash equivalents. Financial assets represented by debt securities are classified in the financial statements and valued according to the business model that the Group has decided to adopt for the management of the financial assets themselves, and on the basis of the cash flows associated with each financial asset. Financial assets also include equity investments that are not held for trading. These assets are strategic investments and the Group has decided to recognise the changes in their fair value in the income statement ('FVTPL' or fair value through profit and loss).

Financial assets are tested for impairment through the application of an impairment model based on expected credit losses ('ECL').

- Financial liabilities

Financial liabilities include financial payables, which are also represented by the negative fair value of derivative financial instruments, trade payables and other payables.

Financial liabilities are classified and measured at amortised cost, except financial liabilities that are initially measured at fair value, e.g., financial liabilities relating to earn-outs from business combinations, derivatives instruments and financial liabilities for options on minority interests.

- Derecognition of financial assets and liabilities

A financial asset or liability (or, where applicable, part of a financial asset/liability or part of a group of similar financial assets/liabilities) is derecognised from the financial statements when the Group has unconditionally transferred the right to receive cash flows from the asset or the obligation to make payments or meet other obligations related to the liability.

- Derivative financial instruments and hedging transactions

Derivative financial instruments are used solely for hedging purposes to reduce interest rate risk. Derivative financial instruments are accounted for in accordance with the methods established for hedge accounting (fair value hedges or cash flow hedges) only when, at the start of the hedge, there is a designation of the hedging relationship itself. All derivative financial instruments are measured at fair value.

If hedge accounting cannot be applied, gains or losses arising from the measurement of the derivative financial instrument at current fair value are recognised in the income statement.

Inventories

Inventories, mainly made up of stock and spare parts for the maintenance and assembly of machines, are recognised at purchase or production cost and the net estimated realisable value which can be obtained from their sale during the normal performance of the activities, whichever is the lower. The purchase cost is determined by means of the application of the weighted average cost method.

Receivables and payables

Receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest rate method, net of the related impairment losses with reference to the sums deemed non-collectible. The estimate of the sums deemed uncollectible is based on the value of the estimated future cash flows. These flows take into account the envisaged recovery time-scales, the estimated realisable value, any guarantees received, as well as the costs which it is believed will have to be incurred for the recovery of the receivables. The original value of the receivables is reinstated in subsequent years to the extent that the reasons which led to the adjustment cease to exist. In this case, the write-back is recorded in the income statement and cannot in any event exceed the amortised cost which the receivable would have had in the absence of the previous adjustments.

Payables are initially recognised at cost, corresponding to the fair value of the liability, net of any directly attributable transaction costs. After initial recognition, payables are valued using the amortised cost approach, adopting the effective interest rate method.

Trade receivables and payables, whose maturity falls within the normal trade terms, are not discounted.

Employee benefits

The liabilities relating to short-term benefits guaranteed to employees, provided during the employment relationship, are recognised on an accruals basis for the amount accrued as of the year-end date.

The liabilities relating to benefits guaranteed to employees, provided in coincidence with or after the termination of the employment relationship by means of defined contribution plans, are recognised for the amount accrued as of the year-end date.

The liabilities relating to benefits guaranteed to employees, provided in coincidence with or after the termination of the employment relationship by means of defined benefit plans, are recognised in the period the right accrues, net of any assets serving the plan and the advances paid out, are determined in accordance with actuarial hypotheses and are recognised on an accruals basis in line with the work services necessary for obtaining the benefits. The valuation of these liabilities is carried out by independent actuaries. The gain or the loss deriving from making the actuarial calculation is recorded in full in the statement of comprehensive income in the reference period.

Provisions for risks and charges

Provisions for risks and charges are set up when: (i) there is a current obligation (legal or implicit) vis-à-vis third parties which derives from a past event, (ii) an outlay of resources to satisfy the obligation is probable and (iii) a reliable estimate of the amount of the obligation can be made.

The provisions are stated at the value representing the best estimate of the amount which the Company would pay to settle an obligation or to transfer it to third parties as of the year-end date. If the effect of the discounting back is significant, the provisions are determined by discounting the expected cash flows using a discount rate which reflects the current market valuation of the cost of money. When the discounting is carried out, the increase in the provision due to the passage of time is recorded as financial expense.

Public grants

Operating grants are recorded in the income statement in the year of pertinence, on a consistent basis with the costs which they are commensurate with.

The grants related to assets received for projects and development activities are stated under liabilities in the statement of financial position and are subsequently recognised under operating revenues in the income statement, on a consistent basis with the amortisation of the assets to which they refer.

Any grants received for investments in property, plant and equipment are recognised as a reduction of the cost of the assets to which they refer and contribute, as a reduction, to the calculation of the related depreciation charges.

Treasury Shares

In the case of a repurchase of shares recognised in equity, the consideration paid, including costs directly attributable to the transaction, is recognised as a reduction in equity. The shares thus repurchased are classified as treasury shares and recognised in the treasury shares reserve. The consideration received from the subsequent sale or reissue of treasury shares is recognised as an increase in shareholders' equity. Any positive or negative difference arising from the transaction is recognised in the share premium reserve.

Income taxes

Income taxes are recognised on the basis of an estimate of the tax liabilities to be paid, in compliance with the provisions in force applicable to each Group company.

The payables relating to income taxes are stated under current tax liabilities in the statement of financial position, net of the advances paid. Any positive imbalance is recorded under current tax assets.

Prepaid and deferred taxes are calculated according to the timing differences between the carrying amount of the assets and liabilities (emerging from the application of accounting standards applied as described in this Note 3 Accounting standards and policies applied) and their value for tax purposes (deriving from the application of the tax legislation existing in the subsidiary's country) and recognition takes place as follows: (i) the former, only if sufficient taxable income which would permit their recovery is probable; (ii) the latter, if existing, in any event.

GPI S.p.A. has prepared the National Tax Consolidation Scheme once again for 2019; a number of the Italian subsidiaries comply with this.

Impairment losses and reversals of impairment losses (impairment testing)

As of the reporting date, the carrying amount of property, plant and equipment, intangible assets, financial assets and equity investments is subject to assessment so as to determine whether there are indications that these assets have suffered a loss in value (impairment). If these indications exist, steps are taken to estimate the value of said assets, to check the recoverability of the amounts recorded in the financial statements and determine the amount of any impairment loss to be recognised. With regard to intangible assets with an indefinite useful life and those under progress, the afore-mentioned impairment test is carried out at least once a year, irrespective of the occurrence or otherwise of events which lead to the supposition of impairment, or more frequently in the event that events or changes in circumstances take place which may reveal possible impairments.

If it is not possible to estimate the recoverable value of an asset individually, the estimate of the recoverable value is included within the sphere of a cash generating unit (CGU) to which the assets belong. This check involves the estimate of the recoverable value of the assets (represented by the estimated market value, net of selling costs, or the value in use, whichever is the higher) and the comparison with the related carrying amount. If the latter is higher, the asset is written down to the recoverable value.

When determining the value in use, the pre-tax estimated future cash flows are discounted using a discount rate, pre-tax, which reflects the current estimate of the market referring to the cost of the capital in relation to time and the specific risks of the asset. In the estimate of the future cash flows of operating functioning CGUs, by contrast cash flows and discount rates net of taxation are used, which produce results more or less equivalent to those deriving from a pre-tax valuation. The impairment losses are recognised in the income statement and classified differently depending on the nature of the impaired assets. The same are reversed, within the limits of the impairment losses recognised, in the event that the reasons which generated the latter cease to exist, with the exception of goodwill and participating financial instruments valued at cost in the cases where the fair value cannot be reliably determined.

Estimates and valuations

As envisaged by the IFRS, the drafting of the financial statements requires estimates and valuations to be made which are reflected in the determination of the carrying amount of the assets and liabilities, as well as in the information provided in the notes, also with reference to the contingent assets and liabilities outstanding at year end.

The decisions made by management during the process of applying the IFRS, which have the most significant effects on the amounts recognised in the consolidated financial statements, concern the identification and valuation of "performance obligations" arising from contracts with customers.

Estimates are mainly used to determine depreciation and amortisation, asset impairment tests (including the valuation of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, deferred tax assets and liabilities, in the context of the acquisition of a subsidiary: the fair value of the consideration transferred (including contingent consideration) and the fair value of assets acquired and liabilities assumed, provisionally measured.

The effective results recognised subsequently could, therefore, differ from these estimates; furthermore, the estimates and the valuations are reviewed and up-dated periodically and the effects deriving from any changes in the same are immediately reflected in the financial statements.

Translation of foreign currency balances

- Foreign operations

The financial statements of each consolidated company are drawn up using the functional currency of the country in which each company operates. The transactions in currency other than the functional currency are recognised using the exchange rate in force as of the date of the transaction. Monetary assets and liabilities denominated in currency other than the functional currency are subsequently adjusted to the exchange rate in force as of the pertinent year-end date and the exchange differences possibly emerging are recognised in the income statement. The non-monetary assets and liabilities denominated in foreign currency and recognised at historical cost are converted using the exchange rate in force as of the date of initial recognition of the transaction.

For the purposes of consolidation in the Group's accounts, the conversion of the financial statements of the consolidated companies with a functional currency other than the Euro takes place by applying the exchange rate in force as of the year-end date to the assets and liabilities, including the goodwill and the adjustments made at the time of consolidation, while the average exchange rates for the period (if they approximate the exchange rates in force as of the date of the respective transactions) or for the period subject to consolidation, if lower, are applied to the income statement items. The related exchange differences are recognised directly in the statement of comprehensive income and reclassified in the income statement at the time of the loss of control over the investment and, therefore, of the related deconsolidation.

- Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rate in force at the date of the transaction.

Monetary items in a foreign currency at the end of the financial year are translated into the functional currency using the exchange rate at the same date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates in force at the date the fair value was determined. Non-monetary items that are valued at historical cost in a foreign currency are translated using the exchange rate on the transaction date. Exchange differences arising from translation are generally recognised in profit/(loss) for the year.

However, exchange differences arising from the translation of the following items are recognised among other components of the comprehensive income statement for cash flow hedges to the extent that the hedge is effective.

Valuation of the fair value and fair value hierarchy

With regard to all the transactions or balances (financial or non-financial) in relation to which an accounting standard requires or permits measurement at fair value and which falls within the scope of application of IFRS 13, the Group applies the following criteria:

- identification of the unit of account, in other words the level at which an asset or a liability is aggregated or disaggregated so as to be recognised for IFRS purposes;
- identification of the main market (or, in the absence thereof, the most advantageous market) on which transactions could take place for the asset or the liability subject to valuation; in the absence of evidence to the contrary, it is presumed that the market currently used coincides with the main market or, in the absence thereof, with the most advantageous market;

- definition, for non-financial assets, of the highest and best use: in the absence of evidence to the contrary, the highest and best use coincides with the current use of the asset;
- definition of the most appropriate valuation techniques for the estimate of the fair value: these techniques maximise the recourse to observable data, which the market participants would use for determining the price of the asset or the liability;
- determination of the fair value of the assets, as the price which would be received for the related sale, and of the liabilities and the capital instruments, as the price which would be paid for the related transfer in a regular transaction between market operators as of the date of valuation;
- inclusion of the non-performance risk in the valuation of the assets and liabilities and, in particular for the financial instruments, determination of an adjustment factor in the measurement of the fair value in order to include not only the counterparty risk (CVA - credit valuation adjustment) but also the related credit risk (DVA - debit value adjustment).

On the basis of the data used for the valuations at fair value, a fair value hierarchy is identified on the basis of which to classify the assets and liabilities valued at fair value or for which the fair value is indicated in the financial statements disclosure:
- level 1: this includes the prices listed on active markets for assets or liabilities identical to those subject to valuation;
- level 2: this includes observable data, other than that included in level 1, such as for example: i) prices listed on active markets for similar assets or liabilities; ii) prices listed on inactive markets for similar or identical assets or liabilities; iii) other observable data (interest rate curves, implicit volatilities, credit spreads);
- level 3: this uses non-observable data, which can be resorted to if observable input data is not available. The non-observable data used for the purposes of the fair value valuation reflect the hypotheses that the market participants would adopt in fixing the price for the assets and liabilities subject to valuation.

Reference is made to the notes relating to the individual financial statements items for the definition of the fair value hierarchy level on the basis of which to classify the individual instruments valued at fair value or for which the fair value is indicated in the financial statements disclosure.

No transfers took place during the year between the various fair value hierarchy levels.

With regard to the medium/long-term financial instruments, other than derivatives, should market listings not be available, the fair value is determined by discounting the expected cash flows, using the market interest rate curve as of the reference date and considering the counterparty risk in the event of financial assets and the related credit risk in the event of financial liabilities.

Business combinations

Business combination transactions are recognised by applying the so-called acquisition method.

The cost of an acquisition is the sum of the consideration transferred in a business combination, measured at fair value, at the acquisition date and the amount of shareholders' equity attributable to minority interests, measured at fair value or at the pro-rata value of the net assets recognised for the acquired company.

For business combinations that take place in stages, the equity investment previously held by the Group in the acquired company is revalued at fair value at the date of acquisition of control and any resulting gain or loss is recognised in the income statement.

Conditional consideration is measured at the acquisition date and included in the consideration transferred for the purpose of determining goodwill. Subsequent changes in the conditional consideration which is classified as a financial instrument, i.e., the amount and payment of which are dependent on future events, are recognised in the income statement or shareholders' equity as part of the other components of comprehensive income. The methodology applied for each acquisition is specified when representing the values deriving from the allocation process. Conditional consideration that does not represent a financial instrument regulated by "IFRS 9 Financial Instruments" is valued according to the relevant IFRS/IAS. Conditional consideration that is classified as an equity instrument is not remeasured and, consequently, settlement is accounted for under shareholders' equity.

Ancillary charges to the transaction are recognised in the income statement at the time they are incurred. Any changes in fair value that occurred upon acquiring additional information during the measurement period (12 months from the acquisition date) are retrospectively included in goodwill.

The goodwill acquired in a business combination is initially measured at cost represented by the excess of the sum of the consideration transferred in a business combination, the value of equity held by minority interests and the fair value of any previously held equity interest in the acquired company with respect to the Group's share, and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company.

If the value of the net assets acquired and liabilities assumed at the date of acquisition exceeds the sum of the consideration transferred, the percentage of equity held by minority interests and the fair value of any previously held interest in the acquired company, this excess is recognised in the income statement as income from the transaction.
After initial recognition, goodwill is measured at cost less accumulated impairment losses.

In order to check whether there is an impairment in value, the goodwill acquired in a business combination is allocated, from the acquisition date, to the individual cash-generating units or groups of cash-generating units that should benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the asset within that unit is sold, the goodwill associated with the asset sold is included in the carrying amount of the asset to determine the gain or loss on disposal.

New accounting standards

During the year, the following international accounting standards and their interpretations issued by the IASB and approved by the EU came into force, and therefore must be adopted from financial years beginning on 1 January 2019.

Document title	Issue date	Date of entry into effect	Date of approval	EU Regulation and date of publication
Annual improvements to IFRS 2015-2017 cycle	Dec-17	1 January 2019	Mar-19	(EU) 2019/412 15/03/2019
Prepayment features with negative compensation (Amendments to IFRS 9)	Oct-17	1 January 2019	Mar-18	(EU) 2018/498 26/03/2018
IFRS 16 - Leasing	Jan-16	1 January 2019	Oct-17	(EU) 2017/1986 09/11/2017
Long-term interests in Associates and Joint Ventures (Amendments to IAS 28).	Oct-17	1 January 2019	Feb-19	(EU) 2019/237 11/02/2019
IFRIC 23 - Uncertainty over Income Tax Treatments	Jun-17	1 January 2019	Oct-18	(EU) 2018/1595 24/10/2018
Plan amendment, curtailment or settlement (Amendments to IAS 19)	Feb-18	1 January 2019	Mar-19	(EU) 2019/402 14/03/2019

The impact of IFRS 16 is shown below, while the introduction of the other documents in 2019 had no significant impact on the financial statements.

IFRS 16 - Highlights

The standard (which replaces IAS 17, IFRIC 4, SIC 15 and SIC 27) provides a different definition of a lease and introduces an identification criterion based on the control of an asset, to distinguish lease contracts from service provision contracts, identifying the following as the differentiating elements: identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to use the asset underlying the contract.
The new accounting standard standardises the accounting treatment of operating and financial leases for lessees, requiring the lessee to present in the statement of financial position the assets deriving from a lease which must be recognised and classified as rights of use, i.e., under the same item in which the corresponding underlying assets would be presented if they were owned, to be depreciated on the basis of the duration of the right or asset used.At the time of initial recognition, as a contra-entry to the right or asset recognised, the lessee also recognises the financial liability deriving from the contract, in an amount equal to the present value of the minimum compulsory lease payments due.

IFRS 16 clarifies that under a lease agreement, a lessee must separate the components relating to the lease (to which the provisions of the same standard are applicable) from those relating to other services, to which the relevant provisions of the other IFRS are applicable. The lease payments relating to leases of a duration of 12 months or less and those leases pertaining to assets of low value that are not material for the lessee, may be represented in the accounts as costs for the financial year.

However, for lessors, the alternative accounting models applicable to financial or operating leases continue to apply, depending on the characteristics of the contract, pursuant to the provisions of IAS 17; therefore, lessors will recognise a financial receivable (in the case of a financial lease) or an asset (for an operating lease).

IFRS 16 - Effects deriving from first-time adoption

The work of assessing the impact of the new standard on the Group's accounting balances was carried out in several stages, including the mapping of contracts that could potentially be subject to IFRS 16 and the analysis of the same so as to understand the main relevant clauses for the purpose of applying the standard.

What emerged as the result of this exercise was that the Group essentially has two types of leases in a lessor capacity: operating leases pertaining to properties, which are the most important, and the lease for the automobile fleet.

Upon adopting IFRS 16, the Group opted to apply the following simplifications permitted by the standard:
- modified retrospective application, with the recognition of the cumulative effects deriving from the application of the standard in the consolidated statement of financial position as at 1 January 2019, without impact on consolidated shareholders' equity or modification of the comparative consolidated income statement for 2018;
- use of the information available at the transition date to determine the duration of each lease, with particular reference to the exercise of extension and early closure options;
- for the less important leases, exclusion from the new method of accounting for leases with a residual duration of 12 months or less (starting from 1 January 2019) and those involving assets of a modest value. For these assets, lease payments shall continue to be recorded in the income statement, based on the duration of the respective contracts;
- exclusion of initial direct costs from the measurement of the right of use on 1 January 2019;
- exclusion of the application of the new accounting standard to lease contracts with an underlying intangible asset.

It should be noted that leased assets recognised in application of IFRS 16 "Leases" are included in the item "Property, plant and equipment" in the "Consolidated statement of financial position" as at 31 December 2019 and detailed in the respective items of leased property, plant and equipment in Note 7.

The following table shows the impact of the adoption of IFRS 16 on the Group's statement of financial position at 1 January 2019.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION, in thousands of Euro	31 December 2018	Effects of adopting IFRS 16	1 January 2019
Assets			
Goodwill	24,038	-	24,038
Other intangible assets	56,023	-	56,023
Property, plant and equipment	15,588	7,684	23,272
Equity-accounted investments for using the equity method	241	-	241
Non-current financial assets	2,092	-	2,092
Deferred tax assets	3,291	-	3,291
Contract costs	7,223	-	7,223
Other non-current assets	1,399	-	1,399
Non-current assets	**109,895**	**7,684**	**117,579**
Inventories	3,937	-	3,937
Contract assets	67,799	-	67,799
Trade and other receivables	41,005	-	41,005
Cash and cash equivalents	41,600	-	41,600
Current financial assets	24,459	-	24,459
Current tax assets	904	-	904
Current assets	**179,704**	**-**	**179,704**
Total assets	**289,599**	**7,684**	**297,283**
Shareholders' equity			
Share capital	8,545	-	8,545
Share premium reserve	56,872	-	56,872
Other reserves and retained earnings / (losses carried forward), including profit/ (loss) for the year	1,914	-	1,914
Capital and reserves attributable to owners of the parent	**67,331**	**-**	**67,331**
Capital and reserves attributable to non-controlling interests	**1,270**	**-**	**1,270**
Total equity	**68,601**	**-**	**68,601**
Liabilities			
Non-current financial liabilities	86,990	5,754	92,744
Non-current provisions for employee benefits	6,059	-	6,059
Non-current provisions for risks and charges	270	-	270
Deferred tax liabilities	11,196	-	11,196
Trade and other payables	15,584	-	15,584
Non-current liabilities	**120,099**	**5,754**	**125,853**
Contract liabilities	1,574	-	1,574
Trade and other payables	53,598	-	53,598
Current employee benefits	546	-	546
Current provisions for risks and charges	475	-	475
Current financial liabilities	40,565	1,931	42,496
Current tax liabilities	4,141	-	4,141
Current liabilities	**100,899**	**1,931**	**102,830**
Total liabilities	**220,998**	**7,684**	**228,682**
Total equity and liabilities	**289,599**	**7,684**	**297,283**

Accounting standards published but NOT yet adopted

The following standards and their interpretations are applicable for financial years beginning on or after 1 January 2019:

Document title	Issue date	Date of entry into effect	Date of approval	EU Regulation and date of publication
Amendments to references to the Conceptual Framework in IFRS standards	Mar-18	1 January 2020	Nov-19	(EU) 2019/2075 06/12/2019
Definition of material (Amendments to IAS 1 and IAS 8)	Oct-18	1 January 2020	Nov-19	(EU) 2019/2014 10/12/2019
Interest Rate Benchmark Reform for determination of interest rates (Amendments to IFRS 9, IAS 39 and IFRS 7),	Sep-19	1 January 2020	Jan-20	(EU) 2020/34 16/01/2020

The GPI Group has not applied these standards in advance.

Documents NOT yet approved by the EU as at 31 December 2019.

The following International Accounting Standards, interpretations and amendments to existing IASB-approved accounting standards and interpretations had not yet been approved for adoption in the European Union as of the date of these financial statements:

Document title	Issue date by the IASB	Date of entry into effect of the IASB document	Expected date of approval by the EU
Standards			
IFRS 14 Regulatory Deferral Accounts	Jan-14	1 January 2016	No date of approval foreseen
IFRS 17 Insurance Contracts	May-17	1 January 2021	TBD
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Sep-14	Deferred until completion of the IASB project on the equity method	Postponed pending the conclusion of the IASB project on the equity method
Definition of business (Amendments to IFRS 3)	Oct-18	1 January 2020	Mar-20
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Jan-20	1 January 2022	TBD

4. Consolidation criteria

Besides the Parent, the scope of consolidation includes the companies over which GPI, directly or indirectly, exercises control, either by virtue of the share-based possession of the majority of the votes which can be exercised during shareholders' meetings or due to the effect of other events or circumstances which (also irrespective of the entity of the share-based relationships) assign power over the company, the exposure or the right to variable returns on the investment in the company and the ability to use the power over the company to influence the returns from the investment. Acquisitions of companies and businesses are accounted for using the acquisition method, as required by IFRS 3. The subsidiaries are consolidated on a line-by-line basis and are listed in Attachment 1. IFRS 3 has not been applied retroactively to the acquisitions made before 1 January 2015, the date when the Parent changed over to the IFRS; consequently, for these acquisitions the value of goodwill determined on the basis of the previous accounting standards was maintained, equal to the carrying amount outstanding as of that date, subject to verification and recognition of any impairment losses.

The companies listed in the afore-mentioned Attachment 1, whose inclusion would be irrelevant from an quantitative and qualitative standpoint are excluded from the scope of consolidation, for the purposes of a correct representation of the financial position, results of operations and cash flows of the Group, given the insignificant operational trend of the same (since they are not yet or no longer operating or they are companies whose liquidation process is more or less concluded).

Entities are to be excluded from the scope of consolidation from the date on which the Group loses control over them. In the event of loss of control, the Group eliminates the assets and liabilities of the subsidiary, any minority interests and other components of shareholders' equity relating to the subsidiaries. Any gain or loss arising from the loss of control is recognised in profit or loss for the period. Any equity investment retained in the former subsidiary is measured at fair value as at the date control was lost.

Minority interests are valued in proportion to their share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in the loss of control are accounted for as transactions between shareholders in their capacity as such.

Data is consolidated on the basis of specific *reporting packages* prepared by the consolidated companies at the date of the financial statements, in compliance with the IFRS standards adopted by the Group.

The exchange rates applied during the year for the conversion of the*consolidation packages* with functional currencies other than the Euro are those published by the Bank of Italy and presented in the following table:

Currencies	2019		2018	
	Exact exchange rate as at 31 December	Average exchange rate	Exact exchange rate as at 31 December	Average exchange rate
Euro / Chilean Peso	844.86	786.89	794.37	756.94
Euro/Polish Zloty	4.26	4.30	4.30	4.26
Euro/Russian Rouble	69.96	72.46	n.a.	n.a.
Euro/US Dollar	1.12	1.12	1.14	1.18

The scope of consolidation as at 31 December 2019 has changed compared with 31 December 2018 due to the acquisition of control of Accura S.r.l., Business Process Engineering S.r.l., Guyot Walser Informatique or the newly incorporated companies Healthtech S.r.l. and Peoplenav S.r.l.

The main acquisitions are described in the subsequent Note 5, Main corporate acquisitions and transactions during the year.

In conclusion, during 2019 a number of corporate reorganisation transactions took place within the scope of Group subsidiaries. In particular, the mergers by incorporation of UNI IT into Argentea S.r.l. and Open Process S.r.l. into Business Process Engineering S.r.l. were carried out.

5. Main acquisitions and corporate transactions during the year

During 2019, the GPI Group conducted certain corporate transactions, mainly involving the Software SBA. In addition to the acquisitions detailed below, the "Mimosa" business unit was acquired in the second half of 2019 for EUR 65 thousand for relations with customers (*backlog*) and EUR 14 thousand and for other tangible assets.

Acquisition of Accura S.r.l.

On 18 February 2019, the Parent Company GPI acquired 80% of the shares of Accura S.r.l., a company that provides healthcare services and services to assisted persons, at the hospital and territorial level, as well as remote assistance and call centre services. The acquisition contract provides for a "put and call" agreement for the transfer of the remaining 20%, for which GPI has recorded a liability in the consolidated financial statements.

For the purposes of drawing up these consolidated financial statements, the acquisition transaction was recognised, in accordance with IFRS 3, by means of the use of the acquisition method which led to the recognition of the provisionally identified fair values of the assets acquired and the liabilities undertaken.

The following table shows the carrying amounts of the net assets acquired, as well as the related fair values identified.

ALLOCATION ACQUISITION ACCURA S.R.L. In thousands of Euro	Carrying amounts	Fair value adjustments	*Fair value*
Other intangible assets	338	-	338
Property, plant and equipment	31	-	31
Contract assets	758	-	758
Trade and other receivables	307	-	307
Trade and other payables	(695)	-	(695)
Deferred tax assets	-	-	-
Current tax assets	17	-	17
Current tax liabilities	-	-	-
Provisions	(118)	-	(118)
Financial liabilities	(126)	-	(126)
Cash and cash equivalents	10	-	10
Total net assets acquired	**522**	**-**	**522**
Cost of the acquisition			**(1,300)**
Cash and cash equivalents acquired	10	-	10
Net financial flow deriving from the acquisition			**(1,290)**
Allocation to goodwill			778

Acquisition of Business Process Engineering S.r.l.

On 25 March 2019, the Parent Company GPI acquired control of Business Process Engineering S.r.l., a company operating in the management, organisational, technical and scientific consultancy sector, focusing on business management, information and telecommunications issues.

After acquiring 36.9% of the minority interests in February 2019, GPI S.p.A. obtained 71.6% control of the company following a share capital increase, subscribed and paid in full by GPI S.p.A.

The capital increase provided for a further contract with a "put and call" agreement for the transfer of the minority interest of 28.4%, for which GPI has recorded a liability in the consolidated financial statements.

For the purposes of drawing up these consolidated financial statements, the acquisition transaction was recognised, in accordance with IFRS 3, by means of the use of the acquisition method which led to the recognition of the provisionally identified fair values of the assets acquired and the liabilities undertaken.

The following table shows the carrying amounts of the net assets acquired, as well as the related fair values identified.

ALLOCATION ACQUISITION BUSINESS PROCESS ENGINEERING S.R.L In thousands of Euro	Carrying amounts	Fair value adjustments	*Fair value*
Other intangible assets	681	(1)	680
Property, plant and equipment	1	-	1
Contract assets	15	-	15
Trade and other receivables	32	-	32
Trade and other payables	(407)	-	(407)
Deferred tax assets	75	-	75
Tax assets	0	-	0
Tax liabilities	(4)	-	(4)
Provisions	(58)	-	(58)
Financial assets	47	-	47
Financial liabilities	(340)	-	(340)
Cash and cash equivalents	167	0	167
Total net assets acquired	**209**	**(1)**	**208**
Cost of the acquisition			**(446)**
Cash and cash equivalents acquired	167	-	167
Net cash flow deriving from the acquisition			**(280)**
Allocation to goodwill			238

Acquisition of Guyot-Walser Informatique

On 11 October 2019, the Parent Company GPI acquired 60% of the shares of Guyot - Walser Informatique Sas, a company operating in the transfusion sector, which deals with software for the management of blood in French healthcare facilities.

The acquisition contract provides for a "put and call" agreement for the transfer of the remaining 40%, for which GPI has recorded a liability in the consolidated financial statements.

For the purposes of drawing up these consolidated financial statements, the acquisition transaction was recognised, in accordance with IFRS 3, by means of the use of the acquisition method which led to the recognition of the provisionally identified fair values of the assets acquired and the liabilities undertaken.

As of the date of preparation of these consolidated financial statements, GPI had not yet completed the process of allocating the price of the acquisition, which will be completed in 2020.

The following table shows the carrying amounts of the net assets acquired, as well as the related fair values identified.

ALLOCATION ACQUISITION GUYOT-WALSER INFORMATIQUE In thousands of Euro	Carrying amounts	Fair value adjustments	*Fair value*
Goodwill	69	(69)	-
Other intangible assets	287	(283)	4
Property, plant and equipment	13	111	123
Trade and other receivables	296	-	296
Contract assets	109	-	109
Trade and other payables	(386)	-	(386)
Financial liabilities	(179)	(111)	(290)
Financial assets	66	-	66
Cash and cash equivalents	207	-	207
Total net assets acquired	**481**	**(351)**	**130**
Cost of the acquisition			**(1,263)**
Cash and cash equivalents acquired	207	-	207
Net cash flow deriving from the acquisition			**(1,056)**
Provisional allocation to goodwill			1,133

Everyware business unit

On 8 October 2019, the newly formed company Peoplenav S.r.l. acquired control of the Everyware business unit, which deals with the analysis, design, development, documentation and installation of computer systems, telematics and localisation networks.

For the purposes of drawing up these consolidated financial statements, the acquisition transaction was recognised, in accordance with IFRS 3, by means of the use of the acquisition method which led to the recognition of the provisionally identified fair values of the assets acquired and the liabilities undertaken.

As of the date of preparation of these consolidated financial statements, GPI had not yet completed the process of allocating the price of the acquisition, which will be completed in 2020.

The following table shows the carrying amounts of the net assets acquired, as well as the related fair values identified.

ALLOCATION ACQUISITION EVERYWARE BUSINESS UNIT In thousands of Euro	Carrying amounts	Fair value adjustments	*Fair value*
Other intangible assets	122	-	122
Property, plant and equipment	3	24	27
Non-current provisions for employee benefits	(4)	-	(4)
Trade and other receivables	42	-	42
Trade and other payables	(53)	-	(53)
Financial liabilities	-	(24)	(24)
Total net assets acquired	**111**	**-**	**111**
Cost of the acquisition			**(447)**
Cash and cash equivalents acquired	-	-	-
Net cash flow deriving from the acquisition			**(447)**
Provisional allocation to goodwill			337

6. Completion of the process of allocating the price paid for acquisitions made in the previous year

It is hereby noted that the Group had already completed the process of allocating the price paid for the acquisitions made in the previous year.

7. Information on the statement of financial position items

The items of the statement of financial position as at 31 December 2019 are commented on below. For the breakdown of the items of the statement of financial position deriving from related party transactions, please refer to Note 10.6 Related party transactions.

7.1 Intangible assets and goodwill

Intangible assets as at 31 December 2019 came to EUR 83,179 thousand, up EUR 3,118 thousand when compared with 2018 (EUR 80,061 thousand).

Increases for investments made in the year amount to EUR 10,247 thousand. These mainly reflect purchases of software or the internal development of capitalised projects. Capitalised costs are tested for impairment on the basis of the expected future returns from the prepared development plans, which are periodically reviewed.

As described in Note 5 Main acquisitions and corporate transactions during the year, the business combinations carried out during 2019 provided an increase of EUR 3,696 thousand, as broken down in Note 5 above.

In thousands of Euro	Goodwill	Software costs	Customer relations	Other Intangible non-current assets	Non-current assets under development and payments on account	Total
Historical cost	24,053	58,410	11,636	18,083	11,155	123,338
Accumulated amortisation, depreciation and write-downs	(15)	(34,896)	(2,236)	(6,130)	-	(43,277)
Carrying amount as at 31 December 2018	**24,038**	**23,514**	**9,401**	**11,953**	**11,155**	**80,061**
Increases	-	1,255	240	644	7,941	10,080
Decreases	-	(371)	-	-	-	(371)
Historical cost - Business combinations	2,486	1,523	65	221	513	4,808
Provision - Business combinations	-	(1,058)	-	(54)	-	(1,112)
Reclassifications and other changes	-	2,458	-	(497)	(2,565)	(604)
Amortisation, depreciation and write-downs	-	(6,477)	(1,782)	(1,423)	-	(9,682)
Total changes	**2,486**	**(2,670)**	**(1,477)**	**(1,109)**	**5,889**	**3,119**
Historical cost	26,538	63,275	11,941	18,451	17,045	137,251
Accumulated amortisation, depreciation and write-downs	(15)	(42,431)	(4,018)	(7,607)	-	(54,071)
Carrying amount as at 31 December 2019	**26,523**	**20,844**	**7,923**	**10,844**	**17,045**	**83,179**

It should be noted that following the process of integrating the acquisitions of recent years, particularly from the second half of 2017 to the present day, the Group has re-identified the CGUs compared the previous year. Some of these were merged and create independent cash flows only when taken as a single unit. More specifically, the CGUs have been identified in the strategic business areas of the Group.

The composition of goodwill, amounting to EUR 26,523 thousand as at 31 December 2019, is illustrated in the following table.

In thousands of Euro	31 December 2018	New goodwill from business combinations in 2019	31 December 2019	WACC	Stress test (WACC)
CGU 2018 identified in CGU Software SBA:					
Acquisition of Erre Effe Informatica S.r.l.	516	-	516		
Acquisition of BIM Italia S.r.l.	6,378	-	6,378		
Acquisition of Xidera S.r.l.	2,150	-	2,150		
Acquisition of Hemasoft Group	5,213	-	5,213		
Acquisition of Infoline S.r.l.	1,758	-	1,758		
Acquisition of Nuova Sigma S.r.l. Group	1,741	-	1,741		
Acquisition of PCS	4,045	-	4,045		
Veterinary (former Sferacarta S.r.l.)	293	-	293		
Acquisition of Business Process Engineering S.r.l.	-	238	238		
Acquisition of Guyot-Walser Informatique	-	1,133	1,133		
Acquisition of Everyware BU	-	337	337		
Total Software SBA	**22,094**	**1,708**	**23,802**	**8.39%**	**10.10%**
CGU 2018 identified in CGU Care SBA:					
Acquisition of DO.MI.NO S.r.l.	156	-	156		
Acquisition of Accura S.r.l.	-	778	778		
Total Care SBA	**156**	**778**	**934**	**8.56%**	**31.40%**
CGU 2018 identified in CGU ICT SBA:					
Desktop management (former GPI Technology S.r.l.)	1,336	-	1,336	8.12%	18.40%
CGU 2018 identified in CGU Automation SBA					
Pharmaceutical distribution (Riedl GmbH)	452	-	452	9.64%	10.40%
Total	**24,038**	**2,486**	**26,523**		

The change in the scope of consolidation during 2019 showed an increase in goodwill of EUR 2,486 thousand, an amount entirely attributable to the acquisitions indicated in the table above that are described further in the previous Note 5 Main acquisitions and corporate transactions during the year. Pursuant to IAS 36, goodwill is not subject to amortisation, but is tested for impairment annually or more frequently if specific events and circumstances occur that may indicate that a reduction in value has occurred. At the Board of Directors' meeting of 27 March 2020, the GPI Group submitted the carrying value of the Net Invested Capital (NIC) as at 31 December 2019 to a recoverability test. The NIC includes the value of goodwill. In determining the recoverable value, which is the value in use as the sum of the discounted cash flows generated in the future and on an ongoing basis by the NIC (discounted cash flow unlevered method), management availed itself of the support of an independent expert and referred to the five-year Business Plans (2020-2024) of the individual SBAs/CGUs approved by GPI's Board of Directors on 27 March 2020. More specifically, to determine the recoverable amount of the Net Invested Capital, cash flows have been discounted using a discount rate (WACC - weighted average cost of capital) that takes into account the specific risks of the asset and reflects current market assessments of the cost of money. Different WACC rates have been calculated as shown in the table above. The recoverable value also includes the terminal value of the income flows which was calculated using the "perpetual annuity" method considering a growth rate (g rate) equal to zero. The weighted average cost of capital calculated for the purpose of discounting the cash flows is based on a weighting between the cost of debt and the cost of equity, prepared on the values of companies comparable to GPI and thus operating in the same sector of activity. The impairment test carried out did not reveal any loss in value, as the value in use of the CGUs was always higher than the carrying value. In addition, since recoverable value is determined on the basis of projections, the Parent Company also carried out sensitivity analyses, varying the basic assumptions of the impairment test. The column "Stress test (WACC)" shows the discount rates above which a write-down of the respective goodwill amounts is carried out.

The real impact of the new coronavirus known as Covid-19 on the main macroeconomic variables (e.g., employment, interest rates, government incentives, etc.), at the date of preparation of this Financial Report, cannot be predicted with a sufficient degree of reliability. Given the rapid evolution of the situation and contagion and the uncertainty regarding the extent of the economic and social effects of the Coronavirus Covid-19, neither its duration nor its extent can be reliably determined and therefore it is not possible to reliably assess what the real impact on the Group's cash flows may be. For impairment testing purposes, a scenario in which the equity market risk premium considers the high volatility of the markets due to the diffusion of Covid-19 was prudently analysed. This parameter was weighted by adjusting the WACC rate for the first two years of the specific period. This scenario as well did not result in any significant impact on the carrying amounts of the identified CGUs.

7.2 Property, plant and equipment

Property, plant and equipment as at 31 December 2019 came to EUR 27,800 thousand, up EUR 12,212 thousand when compared with 2018 (EUR 15,588 thousand).

As described in Note 5 Main acquisitions and corporate transactions during the year, the business combinations carried out during 2019 provided an increase of EUR 155 thousand, as broken down in Note 5 above.

In thousands of Euro	Land	Industrial buildings	Plant, machinery and equipment	Other assets	Non-current assets under construction	Total
Historical cost	2,666	13,492	7,194	8,921	62	32,336
Accumulated amortisation, depreciation and write-downs	-	(3,924)	(5,447)	(7,377)	-	(16,747)
Carrying amount as at 31 December 2018	**2,666**	**9,568**	**1,748**	**1,544**	**62**	**15,588**
First-time adoption of IFRS 16	-	6,513	12	1,159	-	7,684
Increases	-	6,062	1,436	1,078	65	8,641
Decreases	-	-	(91)	(19)	-	(110)
Historical cost - Business combinations	-	123	25	154	-	302
Provision - Business combinations	-	(12)	(19)	(114)	-	(146)
Reclassifications and other changes	-	-	29	-	(29)	-
Depreciation	-	(2,425)	(700)	(1,033)	-	(4,159)
Total changes	**-**	**10,260**	**691**	**1,225**	**36**	**12,212**
Historical cost	2,666	26,190	8,605	11,293	98	48,852
Accumulated amortisation, depreciation and write-downs	-	(6,362)	(6,166)	(8,524)	-	(21,052)
Carrying amount as at 31 December 2019	**2,666**	**19,828**	**2,438**	**2,769**	**98**	**27,800**

The increase in the net value of property, plant and equipment compared with the balance as at 31 December 2018 is mainly due to the effect of the first application of IFRS 16 of EUR 7,684 thousand to FTA and EUR 4,069 thousand for new contracts subject to the aforementioned standard signed during the year. It should be noted that the application of IFRS 16 requires the recognition of property, plant and equipment as a contra-entry to financial liabilities, in connection with contracts held by Group companies as lessees, as described in Note 3, to which reference is made. Further investments were made in relation to work at the Group's offices and the purchase of plant, machinery and office equipment.

Property, plant and equipment under lease as at 31 December 2019 are divided as follows:

In thousands of Euro	Land	Buildings	Industrial plant, machinery and equipment	Other assets	Non-current assets under construction	Total
Leased assets	844	2,203	184	29	-	3,260
Assets that are not leased	1,822	7,365	1,563	1,515	62	12,328
Total as at 31 December 2018	**2,666**	**9,568**	**1,748**	**1,544**	**62**	**15,588**
Leased assets	843	12,799	153	998	-	16,159
Assets that are not leased	1,821	7,029	2,287	1,771	98	11,641
Total as at 31 December 2019	**2,664**	**19,828**	**2,441**	**2,769**	**98**	**27,800**

7.3 Equity-accounted investments

Equity investments in associated companies, recorded in the financial statements at a value of EUR 170 thousand, are valued at the corresponding pro-rata share of shareholders' equity.

It is hereby noted that the equity-accounted valuation method is carried out using the latest financial statements approved and released by the respective companies.

In thousands of Euro	% held	31 Dec. 2018	Business combinations	Other changes	Revaluations / write-downs	31 Dec. 2019
Suedtirol Alto Adige Informatica Medica S.r.l.	46.50%	189	-	(74)	3	118
Consorzio Glossa	21.40%	52	-	-	1	53
TBS IT Telematic & Biomedical Services S.r.l.	40.00%	-	-	-	-	-
Total		**241**	**-**	**(74)**	**4**	**170**

7.4 Financial assets

Financial assets as at 31 December 2019 came to EUR 28,838 thousand, up by EUR 2,288 thousand when compared with 2018 (EUR 24,459 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Non-current financial assets		
Derivatives with positive fair value	187	164
Other equity investments and financial instruments	233	821
Other financial assets	779	1,106
Total non-current financial assets	**1,199**	**2,092**
Current financial assets		
Other equity investments and financial instruments	444	3,474
Derivatives with positive fair value	-	2
Amounts due from factoring agents	23,519	16,914
Other financial assets	3,676	4,068
Total current financial assets	**27,639**	**24,459**

Non-current financial assets as at 31 December 2019 came to EUR 1,199 thousand, up EUR 892 thousand when compared with 2018 (EUR 2,092 thousand).

Pursuant to IAS 1, par. 33, the reduction is mainly due to the reclassification under payables for purchase of shares of the payment of EUR 1,000 thousand of the escrow account; this escrow account was originally paid by GPI as a guarantee for the payment of the Hemasoft Group, as well as any indemnity obligations contractually provided by the seller. The reclassification became necessary following the fulfilment of certain contractual conditions.

The item Other financial assets mainly includes an insurance policy taken out with "Itas Vita S.p.A." fin the amount of EUR 414 thousand, with a gross annual rate of return of 2.76%.

The value of other equity investments and financial instruments amounts to EUR 233 thousand and mainly includes equity investments held with a percentage of less than 20%.

Financial assets as at 31 December 2019 came to EUR 27,639 thousand, up by EUR 3,181 thousand when compared with 2018 (EUR 24,459 thousand).

Amounts due from factoring agents, up by EUR 6,605 thousand, refer to the factoring without recourse of receivables not yet collected as at the date of the financial statements.

The item "other equity investments and current financial instruments" decreased by EUR 3,030 thousand due to the liquidation of the escrow account stipulated with "Banca Mediolanum", whose amount as at 31 December 2018 was EUR 2,892 thousand.

Other current financial assets include an interest-bearing loan from an associated company (5% interest rate) of EUR 2,090 thousand, financial receivables for security guarantees of EUR 1,250 thousand and the balance consists of other financial receivables.

Details of the fair value hierarchy levels are provided in Note 8.

7.5 Deferred tax assets and liabilities

The breakdown of deferred tax assets and liabilities, by type of taxation, is illustrated in the following table:

In thousands of Euro	31 December 2019	31 December 2018
Deferred tax assets		
IRES	4,187	2,325
IRAP	662	178
Foreign deferred taxes	134	788
	4,983	**3,291**
Deferred tax liabilities		
IRES	(4,129)	(7,015)
IRAP	(627)	(726)
Foreign deferred taxes	(4,737)	(3,455)
	(9,493)	**(11,196)**
Net deferred tax assets (liabilities)	**(4,510)**	**(7,905)**

The change in net deferred tax assets during 2019 is broken down as follows:

In thousands of Euro	
Net deferred tax assets as at 31 December 2018	**(7,905)**
Recognitions in the income statement	2,533
Recognitions under other comprehensive income	94
Business combinations and incorporations	75
Other changes	693
Net contract assets	**(4,510)**

The effect on deferred taxes as at 31 December 2019 following the allocation of the price paid at the time of acquisition is detailed in Notes 5 and 6 above.

The decrease in net deferred tax assets recorded in the income statement is mainly associated with the reversal of deferred tax assets recognised in previous years on deductible timing differences relating to the assets deriving from agreements with customers and intangible assets.

The following table contains the breakdown of deferred tax liabilities and assets recognised on each financial statements item.

In thousands of Euro	31 December 2019	Of which assets	Of which liabilities
Intangible assets	(4,566)	1,878	(6,444)
Property, plant and equipment	(585)	10	(595)
Contract assets	879	2,254	(1,375)
Trade and other receivables	89	89	-
Trade and other payables	46	46	-
Contract costs	(1,083)	-	(1,083)
Current employee benefits	35	35	-
Other	675	671	4
Net deferred tax assets (liabilities)	**(4,510)**	**4,983**	**(9,493)**

Net deferred tax assets mainly refer to the capital gains that emerged during the purchase price allocation process of the business combination transactions that took place in recent financial years and assets from contracts with clients upon first adoption of the IFRSs. The deferred taxes relating to property, plant and equipment refer to the unredeemed revaluation on the property housing the headquarters made at the time of initial adoption of the IFRS.

With regard to the intangible assets and goodwill, these essentially refer to the lower carrying amount, with respect to the value for tax purposes, of capitalisations made by the Group.

The net deferred tax assets recognised on assets deriving from agreements with customers mainly refer to the adjustments made on invoices to be issued at the time of first adoption of the IFRS.

7.6 Other non-current assets

The other non-current assets amount to EUR 921 thousand, down EUR 478 thousand compared with 2018 (EUR 1,399 thousand). This item mainly includes other sundry non-current receivables of EUR 577 thousand, (accruals and deferrals) and security deposits of EUR 138 thousand.

7.7 Net trade assets

Trade and other receivables

Trade and other receivables came to EUR 43,227 thousand, up EUR 2,222 thousand when compared with 2018 (EUR 41,005 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Trade receivables	36,182	35,210
Other receivables	7,045	5,795
Trade and other receivables	**43,227**	**41,005**

Trade and other current receivables as at 31 December 2019 were made up as follows:

In thousands of Euro	31 December 2019	31 December 2018
Trade receivables	38,608	37,145
Impairment allowance fund	(2,426)	(1,935)
Other receivables	2,719	2,083
Receivables for indirect taxes	2,937	812
Security deposits, advances and payments on account	919	2,418
Receivables for public grants	470	482
Trade and other receivables	**43,227**	**41,005**

Gross trade receivables from customers in Italy were EUR 34,796 thousand and from foreign customers they were EUR 3,812 thousand, increased by EUR 1,463 thousand, while the provision increased from EUR 1,935 thousand to EUR 2,426 thousand.

The remainder of trade and other receivables includes receivables for government grants (EUR 470 thousand), receivables for indirect taxes (EUR 2,937 thousand), security deposits, advances and payments on account (EUR 919 thousand) and other receivables from third parties (EUR 2,719 thousand) consisting mainly of accrued income and prepaid expenses (EUR 1,425 thousand) and receivables from employees (EUR 142 thousand).

The breakdown of trade receivables by maturity with the allocation of the corresponding allowance for doubtful accounts is shown below:

31 December 2019 In thousands of Euro	Total receivables	Falling due	Past due	1-90	91-180	181-360	Over 360	Bad debts
Total gross receivables	**38,608**	**16,729**	**21,879**	**8,146**	**2,629**	**3,552**	**6,772**	**776**
Gross receivables as a percentage of total	*100.0%*	*43.3%*	*56.7%*	*21.1%*	*6.8%*	*9.2%*	*17.5%*	*2.0%*
Impairment allowance fund	**(2,426)**	**(116)**	**(2,310)**	**(100)**	**(76)**	**(149)**	**(1,394)**	**(592)**
Impairment % by band	*-6.3%*	*-0.7%*	*-10.6%*	*-1.2%*	*-2.9%*	*-4.2%*	*-20.6%*	*-76.3%*
Net receivables	**36,182**	**16,613**	**19,569**	**8,047**	**2,554**	**3,403**	**5,378**	**184**
Net receivables as a percentage of total	*100.0%*	*45.9%*	*54.1%*	*22.2%*	*7.1%*	*9.4%*	*14.9%*	*0.5%*

31 December 2018 In thousands of Euro	Total receivables	Falling due	Past due	1-90	91-180	181-360	Over 360	Bad debts
Total gross receivables	**37,144**	**16,643**	**20,500**	**6,450**	**3,580**	**3,124**	**4,869**	**2,478**
Gross receivables as a percentage of total	*100.0%*	*44.8%*	*55.2%*	*17.4%*	*9.6%*	*8.4%*	*13.1%*	*6.7%*
Impairment allowance fund	**(1,935)**	**(65)**	**(1,870)**	**(43)**	**(28)**	**(19)**	**(665)**	**(1,116)**
Impairment % by band	*-5.2%*	*-0.4%*	*-9.1%*	*-0.7%*	*-0.8%*	*-0.6%*	*-13.7%*	*-45.0%*
Net receivables	**35,209**	**16,578**	**18,630**	**6,407**	**3,552**	**3,105**	**4,204**	**1,362**
Net receivables as a percentage of total	*100.0%*	*47.1%*	*52.9%*	*18.2%*	*10.1%*	*8.8%*	*11.9%*	*3.9%*

Non-recurring contract costs

Non-recurring contract costs came to EUR 7,088 thousand, down EUR 135 thousand when compared with 2018 (EUR 7,223 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Contract costs	16,394	14,218
Accumulated amortisation for contract costs	(9,306)	(6,995)
Net non-recurring contract costs	**7,088**	**7,223**

This item mainly refers to the costs for the acquisition of the supply contract for administrative services with the Lombardy health authority, provided by the subsidiary Lombardia Contact S.r.l.

The decrease with respect to 2018 refers to the amortisation for the year of EUR 2,311 thousand, offset by the increases in the cost for the fulfilment of contracts of EUR 2,176 thousand.

Contract assets and liabilities

Net contract assets came to EUR 87,350 thousand, up EUR 21,125 thousand when compared with 2018 (EUR 66,225 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Contract assets	87,510	67,799
Contract liabilities	(159)	(1,574)
Net contract assets	**87,350**	**66,225**

The change in the financial statements items under analysis during 2019 is described in the following table:

In thousands of Euro	Assets	Liabilities
Opening balance	**67,799**	**(1,574)**
Transfers to trade receivables during the year	(27,838)	1,574
Acquisitions from changes in the scope of consolidation (Note 5)	883	-
Recognition of revenues not yet invoiced	46,666	(159)
Net contract assets	**87,510**	**(159)**

The recognition of revenue not yet invoiced during the year mainly relates to GPI S.p.A. and its subsidiaries Lombardia Contact S.r.l. and PCS.

Business combinations concern the acquisitions in 2019 of Accura S.r.l., Business Process Engineering S.r.l. and Guyot-Walser Informatique, of which more details are provided in Note 5 Main acquisitions and corporate transactions during the year.

Inventories

Inventories came to EUR 4,770 thousand, up EUR 883 thousand when compared with 2018 (EUR 3,937 thousand).

In thousands of Euro	31 December 2018	31 December 2017
Raw materials	1,011	786
Semi-finished products	-	-
Finished goods	3,653	3,101
Advances to suppliers	105	50
Total inventories	**4,770**	**3,937**
Carrying amount of inventories pledged as collateral for liabilities	-	-

Inventories consist mainly of materials and products that can be divided into the following categories:
- finished products, such as forceps and automated systems for hospitals and pharmacies;
- semi-finished components, such as semi-finished electronic products for robotic pharmacies;
- raw materials for the construction of robotic pharmacies;
- components intended for health services;
- components intended for the construction of ticket dispenser machines;
- spare parts used for the provision of services by the ICT SBA.

7.8 Cash and cash equivalents

Cash and cash equivalents came to EUR 53,241 thousand, up EUR 11,642 thousand when compared with 2018 (EUR 41,600 thousand). The changes are illustrated in the consolidated cash flow statement.

Cash and cash equivalents are recognised at nominal value, considered to also reflect the realisable value, and include the values which possess the following requirements: high liquidity, available on demand or over the very short-term and an insignificant risk of change in their value.

In thousands of Euro	31 December 2019	31 December 2018
Bank current accounts	53,039	41,397
On-demand deposits	8	10
Cash	194	192
Cash and cash equivalents reported in the statement of financial position	**53,241**	**41,600**

7.9 Current income tax assets and liabilities

The income tax assets and liabilities of the GPI Group are made up as follows:

In thousands of Euro	Current tax assets		Current tax liabilities	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
IRES	630	894	(4,206)	(3,579)
IRAP	33	10	(170)	(562)
Net current taxes	**662**	**904**	**(4,376)**	**(4,141)**

Current tax assets refer to tax credits claimed in relation to tax deductions, allowances and investments to be recovered in future years.

Tax liabilities as at 31 December 2019 include income taxes accrued during the year, net of advances paid, as well as the substitute tax due for tax redemptions in relation to the higher values resulting from the purchase price allocation.

7.10 Shareholders' Equity

Equity attributable to owners of the parent came to EUR 70,437 thousand, up EUR 3,106 thousand when compared with 2018 (EUR 67,331 thousand). The main changes during the year, shown in detail in the statement of changes in equity, relate to:

- the profit for the year attributable to owners of the parent amounting to EUR 9,358 thousand;
- the distribution of the balance of dividends for 2018 totalling EUR 5,223 thousand;
- the negative result of the other components of the comprehensive income statement, amounting to EUR 244 thousand net of the related tax effects, mainly determined by the revaluation of liabilities for employee benefits with an effect on OCI;
- the purchase of treasury shares during the year for EUR 793 thousand;
- other transactions with shareholders of EUR 9 thousand related to the acquisition of the minority interests in GPI Polska (formerly Saluris Sp Zoo) and Sintac S.r.l.

Equity attributable to non-controlling interests came to EUR 1,659 thousand, up EUR 389 thousand when compared with 2018 (EUR 1,270 thousand). The main changes during the year, shown in detail in the statement of changes in equity, are essentially attributable to the combined effect of the following factors:

- the profit for the year attributable to non-controlling interests amounting to EUR 416 thousand;
- the distribution of the balance of dividends for 2018 pertaining to non-controlling interests totalling EUR 20 thousand;
- other transactions with shareholders totalling EUR 29 thousand for the purchase of minority interests;
- the negative result of the other components of the comprehensive income statement, amounting to EUR 15 thousand net of the related tax effects, mainly determined by the revaluation of liabilities for employee benefits with an effect on OCI;
- other movements amounting to EUR 37 thousand.

As at 31 December 2019, the entirely subscribed and paid up share capital of GPI S.p.A. was EUR 8,544,964, divided into a total of 15,909,539 ordinary shares with no par value. There were 113,894 ordinary treasury shares in the portfolio.

At the date of these consolidated financial statements, there are 2,368,380 warrants outstanding.

GPI's objectives in the management of the capital are aimed at creating value for the shareholders, safeguarding the business as a going-concern, ensuring the interests of the stakeholders, as well as permitting efficient access to external sources of finance, such as to adequately support the development of the Group activities.

The reconciliation between the result and shareholders' equity of the Group at the end of the period and the result and shareholders' equity of the parent company GPI S.p.A. is detailed in the following table:

In thousands of Euro	31 December 2019	2019
	Shareholders' equity	**Period result**
Gpi S.p.A.	**74,334**	**13,827**
Elimination of the carrying amount of consolidated companies	(47,255)	-
Result and shareholders' equity of consolidated companies	59,149	-
Recognition of equity investments using the anticipation acquisition method	(9,049)	1,911
Elimination of internal profits	(340)	23
Fair value call / put derivative agreements	(6,403)	(6,403)
Other adjustments	-	(1)
GPI Group	**70,435**	**9,356**

7.11 Financial Liabilities

The income tax assets and liabilities of the GPI Group are made up as follows:

In thousands of Euro	2019	2017
Non-current financial liabilities		
Bank loans	39,453	52,716
Bond issues	58,499	31,556
Derivatives with negative fair value	208	193
Liabilities for medium/long term leases	11,303	2,525
Total non-current financial liabilities	**109,462**	**86,990**
Current financial liabilities		
Bank loans	20,186	24,083
Bank advances on bills in the portfolio and current account overdrafts	14,787	10,360
Amounts due to factoring agents	12,531	2,658
Bond issues	3,000	3,000
Liabilities for medium/long term leases	3,116	355
Other current financial liabilities	587	109
Total current financial liabilities	**54,207**	**40,565**

Bank loans total EUR 59,639 thousand and include various short and medium/long-term lines of credit to service equity investments and the needs generated by the Group's operating activities; liabilities pertaining to advances on bills and overdrafts on current accounts total EUR 14,787 thousand.

The table below provides details of the items, showing the current and non-current portion of debt:

Credit Institution	Start date	Expiration date	Opening balance	Residual debt as at 31/12/2019	of the current portion	Residual debt as at 31/12/2018	of the current portion	Payment terms	Interest rate
UniCredit	2017	2023	25,000	22,222	5,556	25,000	2,778	Instalment	Variable on Euribor 6M
BNL	2018	2021	15,000	10,000	5,000	15,000	5,000	Instalment	Variable on Euribor 3M
Intesa San Paolo	2018	2023	10,000	8,000	2,000	10,000	2,000	Instalment	Variable on Euribor 6M
Intesa San Paolo	2018	2023	10,000	7,000	2,000	9,000	2,000	Instalment	Variable on Euribor 6M
UniCredit	2015	2021	10,000	2,727	1,818	4,545	1,818	Instalment	Variable on Euribor 3M
Credito Valtellinese	2018	2019	5,000	-	-	4,287	4,287	Instalment	Fixed
Banca di Verona	2018	2019	2,000	-	-	2,000	2,000	Bullet	Fixed
Banca Popolare Alto Adige	2016	2021	2,500	1,023	508	1,523	500	Instalment	Fixed
MPS	2017	2020	2,500	417	417	1,250	768	Instalment	Variable on Euribor 6M
Mediocredito Centrale	2016	2019	3,000	-	-	750	750	Instalment	Variable on Euribor 3M
Cassa Risparmio Bolzano	2015	2020	2,000	312	312	722	409	Instalment	Variable on Euribor 3M
Cassa Rurale Rovereto	2016	2023	739	418	114	528	111	Instalment	Variable on Euribor 6M
BKS Bank	2007	2023	1,000	283	77	353	71	Instalment	Fixed
Raiffeisen	2015	2019	2,500	-	-	326	326	Instalment	Variable on Euribor 3M
Banco Popolare Verona	2015	2019	2,500	-	-	322	322	Instalment	Variable on Euribor 3M
Banca Popolare Alto Adige	2015	2020	1,000	106	106	314	208	Instalment	Variable on Euribor 6M
Credem	2017	2019	1,000	-	-	251	251	Instalment	Variable on Euribor 12M
Credem	2017	2019	1,000	-	-	167	167	Instalment	Variable on Euribor 12M
Banca Popolare di Sondrio	2010	2025	320	143	22	165	22	Instalment	Variable on Euribor 3M
Cassa Rurale Rovereto	2014	2019	750	-	-	160	160	Instalment	Variable on Euribor 6M
UniCredit	2014	2019	1,000	-	-	57	57	Instalment	Variable on Euribor 3M
Intesa San Paolo	2015	2018	250	-	-	42	42	Instalment	Fixed
Cassa Risparmio Bolzano	2019	2024	2,000	1,700	400	-	-	Instalment	Variable on Euribor 3M
Deutsche Bank	2019	2022	3,500	3,208	1,167	-	-	Instalment	Variable on Euribor 3M
Cassa Rurale Rovereto	2013	2033	250	203	12	-	-	Instalment	Variable on Euribor 3M
Credem	2018	2020	100	6	6	-	-	Instalment	Fixed
Cassa Rurale Lavis	2012	2022	120	34	12	-	-	Instalment	Variable on Euribor 3M
Banca di Verona	2019	2022	2,000	1,837	659	-	-	Instalment	Variable on Euribor 3M
Cassa Rurale Rovereto	2016	2019	115	-	-	36	36	Instalment	Variable on Euribor 6M
Total				**59,639**	**20,186**	**76,798**	**24,083**		

Below is an analysis of the payables to banks for loans by effective interest rate bands:

In thousands of Euro	31 December 2019		31 December 2018	
	Nominal	Carrying amounts	Nominal	Carrying amounts
Up to 1%	22,645	22,645	7,955	7,955
between 1% and 2%	33,329	33,329	63,164	63,164
between 2% and 3%	2,930	2,930	4,581	4,581
between 3% and 4%	418	418	688	688
between 4% and 5%	283	283	353	353
over 5%	34	34	56	56
Total financial liabilities	**59,639**	**59,639**	**76,798**	**76,798**

The following table summarises the bonds issued by the Group, expressed both at nominal redemption value, net of repurchases, and at market value:

Security (ISIN code)	Amount	Nominal repayment value	Coupon	Issue date	Maturity date	Issue price (%)	Market price as at 31/12/2018	Market price as at 31/12/2018
IT0005187320	15,000	15,000	4.30%	01/06/2016	31/10/2023	98.69	94.51	14,177
IT0005312886	20,000	20,000	3.00%	30/11/2017	31/12/2022	100.00	96.51	19,302

Security (ISIN code)	Amount	Nominal repayment value	Coupon	Issue date	Maturity date	Issue price (%)	Market price as at 31/12/2019	Market price as at 31/12/2019
IT0005187320	15,000	15,000	4.30%	01/06/2016	31/10/2023	98.69	90.21	13,532
IT0005312886	20,000	20,000	3.00%	30/11/2017	31/12/2022	100.00	96.51	19,302
IT0005394371	30,000	30,000	3.50%	20/12/2019	20/12/2025	100.00	100.00	30,000

At the date of these financial statements, the characteristics of the bond loans are as follows:

- The 2016-2023 Loan, listed on ExtraMOT-Professional Segment, issued in June 2016. The 2016-2023 Loan, called "GPI Fixed Rate (4.3%) 2016 - 2023" was EUR 15,000 thousand in nominal value and it was fully subscribed and paid in 2016. Depending on the value of the NFP/EBITDA financial covenant, confirmed at each calculation date in accordance with the regulation itself, the initial interest rate (4.3%) of the 2016-2023 Bonds may be increased by up to 1.50 percentage points (5.8%) or decreased by 0.30 percentage points (4.0%). Interest payments (so-called coupon detachment) take place on a six-monthly basis, in arrears. The 2016 -2023 Loan was issued at par as from 1 June 2016 and rights to dividends started as of the same date. The maturity of the 2016-2023 Bonds was fixed as at 31 October 2023; the reimbursement will take place at par and, therefore, at 100% of the nominal value;
- The 2017-2022 Loan, listed on ExtraMOT-Professional Segment, issued in November 2017. The 2017-2022 Loan, called "GPI S.P.A. - 3% 2017 - 2022", has a nominal value of EUR 20,000 thousand and was fully subscribed and paid in 2017. The 2017-2022 Bonds bear interest at a gross annual nominal fixed rate of 3%. Interest payments (so-called coupon detachment) take place on a six-monthly basis, in arrears. The 2017-2022 Loan was issued at par as from 30 November 2017 and rights to dividends started as of the same date. The maturity of the 2017-2022 Bonds was fixed as at 31 December 2022; the reimbursement will take place at par and, therefore, at 100% of the nominal value;
- The 2019-2025 Loan, listed on ExtraMOT-Professional Segment, issued in December 2019.The 2019-2025 Loan, named "GPI S.P.A. – 3.5% 2019 – 2025", has a nominal value of EUR 30,000 thousandand was fully subscribed and paid in 2019. The 2019-2025 Bonds bear interest at a gross annual nominal fixed rate of 3.5%.Interest payments (so-called coupon detachment) take place on a six-monthly basis, in arrears.The 2019 -2025 Loan was issued at par as from 20 December 2019 and rights to dividends started as of the same date.The maturity of the 2019-2025 Bonds was fixed as at 20 December 2025; the reimbursement will take place at par and, therefore, at 100% of the nominal value;

The regulations and the prospectuses relating to the bond issues of the GPI Group are available on the following website: www.GPI.it. It should be noted that some of the loans indicated above contain cross default, cross acceleration, change of control, pari passu and/or negative pledge clauses.

It should also be noted that the financial covenants set out in the loan agreements and bond loans, indicated in the annual consolidated financial statements as at 31 December 2019, are subject to verification on the annual parameters and not related to the data reported in the interim financial statements. It should be noted that all contractual commitments, which include financial covenants at the date of these consolidated financial statements, have been fulfilled.

Debtor company	Counterparty	Start date	Expiration date	*Financial* covenants as at the date of the consolidated financial statements(1)	Original amount	Residual debt as at 31/12/2019	Residual debt as at 31/12/2018
GPI S.p.A.	2016-2023 Bonds	01/06/2016	31/10/2023	NFP/NE<2.50	15,000	12,000	15,000
GPI S.p.A.	2017-2022 Bonds	30/11/2017	31/12/2022	NFP/NE<2.50 NFP/EBITDA<3.50	20,000	20,000	20,000
GPI S.p.A.	2019-2025 Bonds	20/12/2019	20/12/2025	NFP/NE<2.50 NFP/EBITDA<3.50	30,000	30,000	-
GPI S.p.A.	BNL	21.12.2018	21/12/2021	NFP/NE<= 2.50 NFP/EBITDA<= 3.50	15,000	10,000	15,000
GPI S.p.A.	Intesa San Paolo	31.10.2018	31/10/2023	NFP/NE<= 1.75 NFP/Gross Operating Margin <=3.25	10,000	8,000	10,000
GPI S.p.A.	Intesa San Paolo	31.05.2018	31/05/2023	NFP/NE<= 1.75 NFP/Gross Operating Margin <=3.25	10,000	7,000	9,000
GPI S.p.A.	Cassa Risparmio Bolzano	03/12/2015	30/09/2020	NFP/NE<= 2.50 NFP/Gross Operating Margin < =3.50	2,000	312	722
GPI S.p.A.	Cassa Risparmio Bolzano	15/04/2019	15/04/2024	NFP/NE<= 2.50 NFP/Gross Operating Margin < =3.50	2,000	1,700	-
GPI S.p.A.	UniCredit	27/01/2014	30/01/2019	NE > = 7 mln	1,000	-	57
GPI S.p.A.	UniCredit (*)	26/06/2015	30/06/2021	NFP/NE<= 1.75 NFP/Gross Operating Margin <=3.25	10,000	2,727	4,545
GPI S.p.A.	UniCredit (*)	29/09/2017	30/09/2023	NFP/NE<= 1.75 NFP/Gross Operating Margin <=3.25	25,000	22,222	25,000
Total	**Total**				**140,000**	**115,461**	**99,324**

(1) To be calculated according to the definitions in the individual contracts.
(*) The Group has also undertaken not to take on financial indebtedness resulting from deferred payment clauses for the price of an asset, for a total maximum amount exceeding EUR 30 million, for the entire duration of the Loan.
Key:
NFP: Net Financial Position
NE: Shareholders' equity
EBITDA/Gross Operating Margin: Gross Operating Margin

The maturities of the financial liabilities in terms of nominal value of the expected outlay, for bank loans and bond loans, as contractually defined, are described below.

In thousands of Euro	Payables to banks for loans	Bond issues	*Total*
Within the next 12 months	20,186	3,000	23,186
Between one and five years	39,330	49,000	88,330
Beyond five years	125	10,000	10,125
	59,642	**62,000**	**121,642**

Financial lease liabilities increased by EUR 11,539 thousand, primarily due to the impact of the adoption of IFRS 16 as illustrated in Note 3 and in the report on operations. Payables to factors relate to advances on assignments of receivables and have a balance of EUR 12,531 thousand.
The hedging derivatives relating to elements classified under financial liabilities are as follows:

In thousands of Euro	Hedged risk	31/12/2019 *Fair Value* Positive / (Negative)	31/12/2019 Notional benchmark	31/12/2018 *Fair Value* Positive / (Negative)	31/12/2018 Notional benchmark
Cash flow hedge derivatives					
Interest Rate Swap 2016 – 2028	Interest rate	(35)	1,128	(9)	1,228
Interest Rate Swap 2015 – 2021	Interest rate	(17)	2,727	(38)	4,545
Interest Rate Swap 2017 – 2023	Interest rate	(156)	11,111	(145)	12,500
Interest Rate Swap 2019 – 2023	Interest rate	10	7,000	-	-
Interest Rate Swap 2019 – 2023	Interest rate	13	8,000	-	-
		(185)	**29,966**	**(193)**	**18,273**

The interest rate risk hedging transactions are classified as cash flow hedge transactions in accordance with IFRS 9. The carrying amount of the hedging transactions falls under level 2 of the fair value hierarchy.
Please see section 10.3 for the description of the company's exposure to liquidity risk.

Net financial position in accordance with the ESMA Recommendation dated 20 March 2013

In this section we show the amount of the net financial position as required by Consob Communication DEM/6064293 dated 28 July 2006 which refers to the Recommendation of the European Securities and Markets Authority - ESMA dated 20 March 2013 (which does not envisage the deduction of the financial indebtedness of the non-current financial assets).

In thousands of Euro	31 December 2019	31 December 2018
Cash and cash equivalents (A)	53,241	39,936
Current financial assets (B)	27,639	24,459
Current account overdrafts	(502)	-
Current portion of medium/long-term financial liabilities (*)	(20,185)	(24,083)
Bond issues	(3,000)	(3,000)
Other financial payables	(30,520)	(13,482)
Current financial liabilities (C)	**(54,207)**	**(40,565)**
Current net financial position (D = A + B + C)	26,674	25,493
Bond issues	(58,499)	(31,556)
Medium/long-term loans (*)	(39,661)	(52,909)
Other non-current financial payables	(11,303)	(2,525)
Non-current financial liabilities (E)	**(109,462)**	**(86,990)**
Net financial indebtedness as per the ESMA Recommendation (F = D + E)	**(82,789)**	**(61,498)**
Non-current financial assets (G)	1,199	2,092
Payables for acquisition of investments (G)	(15,174)	(16,225)
Net financial position, including non-current financial assets and payables for the purchase of equity investments (H = F + G)	**(96,763)**	**(75,631)**

(*) Current guaranteed portion: EUR 1,914 thousand (EUR 3,396 thousand as at 31 December 2019); guaranteed non-current portion EUR 511 thousand (EUR 11,175 thousand as at 31 December 2018)

The real impact of the new coronavirus known as Covid-19 on the main macroeconomic variables (e.g., employment, interest rates, government incentives, etc.), at the date of preparation of this Financial Report, cannot be predicted with a sufficient degree of reliability. Given the rapid evolution of the situation and contagion and the uncertainty regarding the extent of the economic and social effects of the Coronavirus Covid-19, neither its duration nor its extent can be reliably determined and therefore it is not possible to reliably assess what the real impact on the Group's cash flows may be.

It is hereby noted that the Covid-19 health emergency has made the protection of the people working within the Group and the partners with whom we cooperate a priority for the GPI Group. The Group's mission has always involved healthcare, and in a context like the present one the Group cannot but proceed with even more commitment and devotion in carrying out its role as the main player in the supply chain of Italy and beyond.

Our expertise, technologies and software have already been deployed for the management of many critical aspects of the Covid-19: from the use of nasopharyngeal swabs, to patient guidance within healthcare facilities, to access management in pharmacies, supermarkets and sample collection centres, avoiding crowds and waiting.

With regard to the above and the specific sector in which the Group operates, it is believed that a number of opportunities may be seized, which it is hoped will have a positive impact on the Group's economic-financial-equity situation.

7.12 Provisions for employee benefits

Provisions for employee benefits came to EUR 6,824 thousand, up EUR 219 thousand when compared with 2018 (EUR 6,605 thousand). As at 31 December 2019, this item consisted of the provision for employee severance indemnities (TFR) for employees subject to Italian law, amounting to EUR 6,085 thousand; the provision for other employee benefits to be paid on termination of employment was EUR 636 thousand. The increase of EUR 219 thousand is essentially attributable to the average increase in the workforce, as shown in Note 9.4, and to the business combinations described in Note 5 Main acquisitions and corporate transactions during the year.

The main assumptions made for the actuarial estimate of the provision for employee severance indemnities as at 31 December 2019 are summarised below:

Financial assumptions	2019	2018
Annual discount rate	1.6%	1.57%
Annual inflation rate	1.2%	1.50%
Annual post-employment benefits increase rate	2.4%	2.63%
Annual salary increase rate	1.0%	1.00%
Annual turnover rate	5.0%	5.00%
Duration	9.4	9.5

The following table contains a sensitivity analysis of the change in the provision for employee severance indemnities at the end of the year, changing the individual rates used in the actuarial valuations. It should be noted that by lowering the discount rate by 0.25%, the provisions for employee benefits would have been EUR 140 thousand higher.

Changes in the assumptions					
Annual turnover rate		Annual inflation rate		Annual discount rate	
+1%	-1%	+0.25%	-0.25%	+0.25%	-0.25%
(49)	56	89	(87)	(134)	140

7.13 Provisions for risks and charges

In thousands of Euro	31 December 2019	31 December 2018
Provisions for tax risks	49	475
Other provisions for risks and charges	417	270
Total provisions for risks and charges	**466**	**745**
Non-current	225	270
Current	241	475
Total provisions for risks and charges	**466**	**745**

Provisions for risks and charges amount to EUR 466 thousand, down by EUR 279 thousand compared with 2018 (EUR 745 thousand). The main movements of the provisions were recorded as follows:

- the provision of EUR 224 thousand set aside by Group companies to meet legal and contractual obligations that are expected to require the use of economic resources in subsequent years;
- a decrease in the provision for tax risks of EUR 469 thousand following the submission of a request for the facilitated settlement of pending tax disputes in accordance with the provisions of Articles 6 and 7, paragraph 2, letter B), and paragraph 3, of Decree Law No. 119 of 23/10/2018, converted with amendments by Law No. 136 of 17/12/2018;
- other decreases of EUR 34 thousand.

7.14 Trade and other payables

Trade and other payables amount to EUR 85,308 thousand, up EUR 16,126 thousand compared with 2018 (EUR 69,182 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Trade payables	37,934	32,198
Payables for acquisition of investments	15,174	16,225
Payables for employees	20,116	17,514
Other payables	12,084	3,245
Total Trade and other payables	**85,308**	**69,182**
Non-current	6,357	15,584
Current	78,952	53,598
Total Trade and other payables	**69,182**	**77,297**

Payables for the purchase of equity investments increased due to the adjustment of payables still due relating to earn-out mechanisms and put/call options on the percentage still held by third parties. It should be noted that the risks and benefits associated with holding non-controlling interests are borne by the Group, and therefore no third-party interests are shown.

The increase is mainly due to payables for employees because of the increase in the average workforce compared with 31 December 2018, and other tax and social security payables related to the increase in revenues and personnel costs.

The breakdown of trade payables by maturity is shown below:

31 December 2019 In thousands of Euro	Total debt	Falling due	Past due	1-90	91-180	181-360	Over 360
Payables to suppliers	**37,934**	**18,223**	**19,710**	**11,350**	**3,941**	**1,961**	**2,458**
Payables to suppliers %	100.0%	48.0%	52.0%	29.9%	10.4%	5.2%	6.5%

31 December 2018 In thousands of Euro	Total debt	Falling due	Past due	1-90	91-180	181-360	Over 360
Payables to suppliers	**32,198**	**18,565**	**13,633**	**7,915**	**1,959**	**1,100**	**2,659**
Payables to suppliers %	100.0%	57.7%	42.3%	24.6%	6.1%	3.4%	8.3%

8.Financial instruments

The carrying amount of financial assets and liabilities as at 31 December 2019 and 31 December 2018 compared with their fair value, including the related fair value hierarchy level, is shown below:

31 December 2019 In thousands of Euro	Note	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Other equity investments and financial instruments	7.4	678	4	-	674	678
Amounts due from factoring agents	7.4	23,519	-	-	23,519	23,519
Active derivatives	7.4	187	-	-	187	187
		24,384	**4**	**-**	**24,380**	**24,384**
Financial assets not measured at fair value						
Other financial assets	7.7	4,455	-	-	4,455	4,455
		4,455	**-**	**-**	**4,455**	**4,455**
Financial liabilities measured at fair value						
Interest rate swap hedges	7.11	(208)	-	(208)	-	(208)
		(208)	**-**	**(208)**	**-**	**(208)**
Financial liabilities not measured at fair value						
Payable for acquisition of investments	7.14	(15,174)	-	-	(15,174)	(15,174)
Bank loans	7.11	(59,639)	-	-	(59,639)	(59,639)
Lease liabilities	7.11	(14,419)	-	-	(14,419)	(14,419)
Bond loan	7.11	(61,499)	(62,834)	-	-	(62,834)
Other financial liabilities	7.11	(27,905)	-	-	(27,905)	(27,905)
		(178,636)	**(62,834)**	**-**	**(117,136)**	**(179,970)**

31 December 2018 In thousands of Euro	Note	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Other equity investments and financial instruments	7.4	4,295	2,901	-	1,394	4,295
Amounts due from factoring agents	7.4	16,914	-	-	16,914	16,914
Active derivatives	7.4	166	-	-	166	166
		21,376	**2,901**	**-**	**18,474**	**21,376**
Financial assets not measured at fair value						
Other financial assets	7.7	5,175	-	-	5,175	5,175
		5,175	**-**	**-**	**5,175**	**5,175**
Financial liabilities measured at fair value						
Interest rate swap hedges	7.11	(193)	-	(193)	-	(193)
		(193)	**-**	**(193)**	**-**	**(193)**
Financial liabilities not measured at fair value						
Payable for acquisition of investments	7.14	(16,225)	-	-	(16,225)	(16,225)
Bank loans	7.11	(76,799)	-	-	(76,799)	(76,799)
Lease liabilities	7.11	(2,880)	-	-	(2,880)	(2,880)
Bond loan	7.11	(34,556)	(33,479)	-	-	(33,479)
Other financial liabilities	7.11	(13,127)	-	-	(13,127)	(13,127)
		(143,587)	**(33,479)**	**-**	**(109,031)**	**(142,510)**

9.Information on the income statement items

The main balances of the consolidated income statement are analysed as follows. For the breakdown of the balances of the items of the consolidated income statement deriving from related party transactions, please refer to Note 10.6 Related party transactions.

9.1 Revenue and other income

Revenue

The GPI Group monitors the trend of revenue and costs by Strategic Business Area ("SBA"). The main SBAs are:

- *Software*, which includes all the software solutions and related services (corrective, adaptive, preventive and developmental maintenance) for the management of the administrative-accounting processes and the care processes for public and private healthcare structures and, on a more general note, those of the public administration authorities.
- *Care*which includes auxiliary services of an administrative nature (such as reservation/cancellation of health care services, contact centres, administrative acceptance/departure services, administrative secretarial services, cultural intermediation for foreign citizens and further administrative services of business process outsourcing). It also includes services provided by outpatient clinics using the "Policura" brand, telemedicine services and 3D prosthetics;
- *Automation*, which includes integrated technological solutions (hardware and software infrastructures) for the management of the pharmaceutical supply chain;
- *ICT*, which represents a diversified set of products and services including (i) desktop management services, i.e., user workstation support and maintenance services for hardware and software components, and (ii) system support services such as data centre administration in the various components, networking consulting services and database administration;
- *Pay*, which includes innovative technologies and services offered for the management of electronic payments for the world of large retailers, retail chains (store networks) and banking.

In accordance with IFRS 8, the tables below provide information on the operating segments:

31 December 2019 In thousands of Euro	Software	Care	Other operating segments	Total
Revenue	89,357	118,423	29,181	236,961
Other income	2,426	665	868	3,959
Revenue and other income	**91,783**	**119,088**	**30,049**	**240,920**
Raw materials and consumables	(3,861)	(824)	(5,761)	(10,445)
General Expenses	(21,008)	(35,469)	(7,230)	(63,707)
Personnel expenses	(44,985)	(76,204)	(13,353)	(134,542)
Amortisation, depreciation and write-downs	(9,696)	(5,124)	(1,320)	(16,140)
Other provisions	(454)	(438)	(112)	(1,004)
EBIT	**11,780**	**1,029**	**2,273**	**15,082**

31 December 2018 In thousands of Euro	Software	Care	Other operating segments	Total
Revenue	89,560	87,847	24,449	201,856
Other income	1,117	405	289	1,811
Revenue and other income	**90,677**	**88,252**	**24,737**	**203,667**
Raw materials and consumables	(2,351)	(731)	(4,040)	(7,122)
General Expenses	(24,341)	(24,875)	(5,803)	(55,019)
Personnel expenses	(42,854)	(59,431)	(12,520)	(114,804)
Amortisation, depreciation and write-downs	(9,656)	(2,993)	(778)	(13,427)
Other provisions	160	72	(314)	(82)
EBIT	**11,635**	**294**	**1,283**	**13,212**

Revenues and other income recorded a significant growth of EUR 37.4 million (+18% compared with 2018), mainly due to the increase recorded by the Care SBA, in particular with the award of the "Regione Lazio" tender. It should be noted that the changes in the scope of consolidation did not significantly affect the growth mentioned above. Geographically, the increase in terms of absolute values is mainly recorded on revenues in Italy. The following table shows the breakdown of revenues by area:

In thousands of Euro	2019	% 2019	2018	% 2018
Italy	220,984	*91.7%*	184,767	*91.5%*
Abroad	19,936	*8.3%*	17,089	*8.5%*
Total	**240,920**	***100.0%***	**201,856**	***100.0%***

Foreign revenues comprise 8%, which is mainly concentrated in the DACH area (Austria, Germany and Switzerland), Spain, the United States and Poland.

Other income

Other income amounts to EUR 3,959 thousand and reported an increase of EUR 2,148 thousand compared with 2018 (EUR 1,811 thousand).

9.2 Raw materials and consumables

Raw materials and consumables came to EUR 10,445 thousand, up EUR 3,323 thousand when compared with 2018 (EUR 7,122 thousand). This item includes both costs for the purchase of materials and changes in inventories. The increase is mainly due to the increased volumes posted by the Automation SBA (EUR 1,721 thousand).It should be noted that the main companies that have inventory are GPI S.p.A. and RIEDL Gmbh, in particular as regards the production and sale of products related to the *Automation* SBA.

9.3 Service costs

Service costs totalled EUR 60,888 thousand, posting an increase of 17% compared with 2018 (EUR 52,092 thousand).

In thousands of Euro	2019	2018
Outsourcing services	36,613	26,481
Consulting	5,823	7,882
Temporary staff costs	5,248	3,391
Business travel and trips	3,016	2,901
Leasing and lease instalments	2,613	4,012
Utilities	2,560	2,519
Other	5,015	4,906
Total service costs	**60,888**	**52,092**

This item mainly refers to the increase in outsourcing, involving the purchase of software assistance services, costs incurred for services to be resold and costs for staff relating to certain CUPs. Consulting essentially refers to administrative and commercial advice.

Other costs include the fees for the directors and the statutory auditors, and other service costs.

It should be noted that the item Leasing and lease instalments decreased due to the entry into force of IFRS 16 (see Note 3), as already commented in the Directors' Report on Operations.

9.4 Personnel expenses

Personnel expenses came to EUR 134,542 thousand, up EUR 19,738 thousand (+17%) when compared with 2018 (EUR 114,804 thousand).

In thousands of Euro	2019	2018
Wages and salaries	95,745	83,010
Social security charges	29,398	24,334
Post-employment benefits	7,093	6,048
Other personnel expenses	2,306	1,412
Total personnel expenses	**134,542**	**114,804**

The breakdown of the workforce as at 31 December 2019 by level follows.

Category	2019	2018
Executives	39	37
Middle managers	77	74
White-collar workers	5,150	4,207
Apprentices	48	45
Blue-collar workers	31	14
Total	**5,345**	**4,377**

The increase reflects the upturn in the average workforce following the start of new projects compared with 2018, in particular the award of the "Regione Lazio" tender to the Care SBA, which led the Group to acquire over 800 employees.

9.5 Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses come to EUR 16,140 thousand and include the depreciation of property, plant and equipment of EUR 13,841 thousand and the amortisation of contractual costs of EUR 2,299 thousand.

In thousands of Euro	2019	2018
Amortisation of intangible assets	9,682	9,217
Depreciation of property, plant and equipment	4,159	2,039
Amortisation of contract costs	2,299	2,171
Total amortisation and depreciation	**16,140**	**13,427**

Property, plant and equipment depreciation increased by EUR 2,274 thousand as a result of the entry into force of IFRS 16 (see Note 3), as already commented on in the report on operations.

9.6 Other provisions

This item consists of provisions, excluding those for employee benefits (classified under personnel costs), set aside by Group companies to meet legal and contractual obligations that are expected to require the use of economic resources in subsequent years. In 2019, other provisions amounted to EUR 1,004 thousand, of which EUR 780 thousand was for bad debts and EUR 224 thousand was for risks and charges.

9.7 Other operating costs

Other operating costs totalled EUR 2,819 thousand , increasing by EUR 108 thousand compared with 2018 (EUR 2,927 thousand).

9.8 Net financial expense

Net financial expense amounts to EUR 2,278 thousand, up EUR 1,980 thousand compared with 2018 (EUR 298 thousand).

In thousands of Euro	2019	2018
Interest income from:		
- Income from the fair value measurement of financial assets and liabilities	1,457	1,863
- Income from the sale of financial assets	151	-
- Other financial income:	266	399
Financial income	**1,875**	**2,262**
Interest expense from:		
- Interest payable on bonds	(1,386)	(1,422)
- Interest payable on loans	(1,185)	(688)
- Interest payable on leasing	(348)	(85)
– Loss expense on the fair value measurement of financial assets and liabilities	(754)	-
- Other financial expenses	(481)	(365)
Financial expense	**(4,153)**	**(2,560)**
Net financial expense recognised under profit/(loss) for the year	**(2,278)**	**(299)**

The impact of financial management increased due to the combined effect, on the one hand, of the higher interest expense (about EUR 500 thousand) on loans compared with the previous year and, on the other hand, a lower positive impact relating to the fair value measurement of financial assets and liabilities (EUR -1,160 thousand). It should also be noted that the interest expense increased due to the entry into force of IFRS 16 (EUR 279 thousand).

Financial income includes adjustments to payables for the purchase of equity investments relating to minority interests for which there are call/put agreements.

9.9 Income tax

The composition of income taxes, distinguishing between the current portion and the deferred and prepaid portion, is shown below:

In thousands of Euro	2019	2018
Current taxes		
IRES	3,969	2,585
IRAP	850	1,033
Foreign current taxes	747	261
Total current taxes	**5,566**	**3,879**
Deferred taxes		
IRES	(1,828)	(187)
IRAP	(364)	(272)
Foreign deferred taxes	(340)	(84)
Total deferred taxes	**(2,533)**	**(543)**
Tax expense deriving from operations in the year	**3,034**	**3,336**

Income taxes show a change in the result for the year following the release of taxes allocated in previous years that exceeded the amount actually paid.

10. Other information

10.1 Earnings per share

The following table shows the statement for the calculation of the earnings per share:

Earnings per share	2019	2018
Number of shares	15,909,539	15,909,539
Earnings for the year pertaining to the Group (in thousands of Euro)	9,358	9,228
Basic earnings per share (Euro)	**0.59**	**0.58**

10.2 Significant non-recurring transactions

There were no significant non-recurring transactions other than those described in Note 5 above.

10.3 Financial risk management

Objectives and policies for handling the financial risks of GPI S.p.A.

During the ordinary performance of its operating activities, GPI S.p.A. is exposed to:

- market risk, mainly changes in the interest rates associated with the financial assets disbursed and the financial liabilities undertaken;
- liquidity risk, with reference to the availability of financial resources suitable for covering its operating activities and the settlement of the liabilities undertaken;
- credit risk, associated with both the normal trade transactions, and the possibility of default of a financial counterparty.

The strategy of the Company for the management of the financial risks is compliant and consistent with the business objectives defined by GPI's Board of Directors.

Market risk

The strategy followed for this type of risk aims to mitigate interest and currency risks and optimise the cost of the debt.

The management of these risks is carried out in observance of the principles of prudence and on a consistent basis with the best market practices. The main objectives indicated by the policy are as follows:

- to continue protecting the long-term plan from the effects caused by exposure to the risk of changes in the exchange and interest rates, identifying the optimum combination between fixed rate and floating rate;
- to pursue a potential reduction in the cost of debt;
- to handle the transactions concerning financial derivatives, taking into account the economic and equity impacts which the same may also have in relation to their classification and representation in the accounts.

As at 31 December 2019, the Group had cash flow hedging transactions underway, classified in accordance with IAS 9 as cash flow hedges, on the exposure to medium/long-term loans. For the fair value valuation of financial derivatives, please refer to Note 7.11 Financial liabilities.

With reference to the floating rate loans, the Group is not subject to significant impacts deriving from a change in the interest rates to the extent of 0.35% (35 bps).

Liquidity risk

The liquidity risk represents the risk that the available financial resources may be insufficient for covering the bonds maturing. The Company believes that it has access to sources of finance sufficient for satisfying the planned financial requirements, having taken into account the cash and cash equivalents, its ability to generate cash flows, the ability to track down sources of finance on the bond market and the availability of credit facilities from banks.

The distribution by maturity of the financial liabilities outstanding as at 31 December 2019 is shown in Note 7.11 Financial liabilities.

As at 31 December 2019, the Group had a liquidity reserve estimated at around EUR 57.9 million, made up of:
EUR 53.2 million attributable to cash and cash equivalents and/or invested for a period not exceeding the short-term;
EUR 4.7 million attributable to credit facilities granted but not used.

In conclusion, please refer to Note 7.11 Financial liabilities for the quantitative and qualitative analysis of the financial liabilities.

Credit risk
The Company handles the credit risk essentially using counterparties with a high credit standing and does not have significant concentrations of credit risk.

Also, the credit risk originated by open positions on transactions involving financial derivatives can be considered to be of a marginal entity since the counterparties used are leading lending institutions.

The credit positions, if significant individually, in relation to which an objective condition of partial or total uncollectability is revealed, are subject to individual write-down. The amount of the write-down takes into account an estimate of the recoverable flows and the related date of collection, the expense and the charges for future recovery, as well as the value of the guarantees and the deposits received from customers. Provisions on a collective basis have been provided for receivables which are not subject to analytical impairment, having taken into account the provisions of IFRS 9. For a breakdown of the allowance for impairment relating to trade receivables, please refer to Note 7.7 Net trade assets.

10.4 Disclosure on non-controlling interests in consolidated companies

31 December 2019 In thousands of Euro	Argentea S.r.l. and Direct Subsidiaries	Consorzio Stabile Cento Orizzonti and Direct Subsidiaries	Gbim S.r.l.	Cliniche Della Basilicata S.r.l.	Riedl Gmbh	GPI Chile	Total
Non-current Assets	364	208	2,610	2	413	186	3,783
Current Assets	4,174	5,637	784	106	3,204	(49)	13,856
Non-current Liabilities	(244)	(189)	(430)	-	(461)	-	(1,324)
Current Liabilities	(2,400)	(5,133)	(947)	(6)	(1,890)	(153)	(10,529)
Shareholders' equity	**1,894**	**523**	**2,018**	**102**	**1,266**	**(16)**	**5,786**
Equity attributable to non-controlling interests	**389**	**267**	**580**	**34**	**399**	**(7)**	**1,660**
Revenue	6,523	17,406	1,576	-	1,747	-	27,251
Profit/ (loss) for the year	518	264	(140)	(6)	425	(21)	1,038
Other comprehensive income (expense)	(15)	(5)	-	-	-	-	(20)
Total comprehensive income (expense) for the year	**504**	**259**	**(140)**	**(6)**	**425**	**(21)**	**1,019**
Profit/(loss) attributed to minority interests	91	162	(33)	(2)	208	(9)	416
Other comprehensive income (expense) of minority interests	(5)	(10)	-	-	-	-	(15)

31 December 2018 In thousands of Euro	Argentea S.r.l. and Direct Subsidiaries	Consorzio Stabile Cento Orizzonti and Direct Subsidiaries	Gbim S.r.l.	Cliniche della Basilicata S.r.l.	Riedl Gmbh	Gpi Chile	Sintac S.r.l.	Saluris Zoo	Total
Non-current Assets	1,356	202	1,589	-	1,877	33	613	-	5,669
Current Assets	5,428	4,950	1,558	8	2,760	4	395	17	15,119
Non-current Liabilities	(204)	(196)	(230)	-	(1,413)	-	(1)	-	(2,043)
Current Liabilities	(5,079)	(4,680)	(759)	0	(2,383)	(41)	(1,052)	(3)	(13,996)
Shareholders' equity	**1,203**	**91**	**1,546**	**6**	**651**	**(3)**	**(23)**	**8**	**3,479**
Equity attributable to non-controlling interests	**298**	**184**	**613**	**3**	**190**	**(2)**	**(22)**	**5**	**1,270**
Revenue	4,465	16,003	1,557	-	4,703	5	247	38	27,020
Profit/ (loss) for the year	66	285	(224)	(2)	304	0	(68)	16	378
Other comprehensive income (expense)	6	-	-	-	-	-	-	-	6
Total comprehensive income (expense) for the year	**72**	**285**	**(224)**	**(2)**	**304**	**0**	**(68)**	**16**	**384**
Profit/(loss) attributed to minority interests	14	171	(55)	(1)	149	0	(33)	6	252
Other comprehensive income (expense) pertaining to non-controlling interests	1	-	-	-	-	-	-	-	1

10.5 Guarantees

As at 31 December 2019, the Group had no guarantees with regard to liabilities contracted by third parties. The total guarantees securing the Group's financial payables are presented in Note 7.11 "Net financial position in accordance with the ESMA Recommendation dated 20 March 2013".

10.6 Contingent liabilities

The Group has analysed the contracts being executed as of the reporting date and has not noted the existence of significant contingent liabilities other than those indicated in Note 7.13.

10.7 Related party transactions

The tables below show related party transactions during 2019 and 2018:

31 December 2019 In thousands of Euro	Assets	Liabilities	Revenue	Costs
FM S.r.l.	24	344	-	247
CONSORZIO STABILE GLOSSA	147	-	58	-
TBS.IT S.r.l.	2,816	259	370	54
SAIM S.r.l.	4,544	-	925	-
CIV S.p.A.	33	-	11	-
Total	**7,564**	**603**	**1,364**	**301**

31 December 2018 In thousands of Euro	Assets	Liabilities	Revenue	Costs
FM S.r.l.	-	1,998	-	404
LTP S.t.p.r.l.	116	-	-	-
CONSORZIO STABILE GLOSSA	118	-	57	-
TBS.IT S.r.l.	1,871	50	439	16
SAIM S.r.l.	5,533	-	2,863	-
CIV S.p.A.	39	-	48	-
Total	**7,677**	**2,047**	**3,407**	**421**

Total assets from related parties were EUR 7,564 thousand as at 31 December 2019 while liabilities were EUR 603 thousand. Revenues were EUR 1,364 thousand while costs were EUR 301 thousand.
The assets involving CONSORZIO STABILE GLOSSA are related to commercial and technical services rendered.

Assets involving TBS.IT S.r.l. mainly pertain to financial receivables for loans received from GPI and services provided by the Group.

The assets involving SAIM S.r.l. are related to commercial and technical services rendered.

Liabilities due to FM S.r.l. mainly reflect the financial debt that was recognised for the right to use the leased property.

Liabilities due to TBS.IT S.r.l. involve trade payables for services received by the GPI Group, while revenues from TBS.IT S.r.l. reflect the technical and corporate services rendered.

SAIM S.r.l. revenues are related to commercial and technical services rendered.

Revenues from CONSORZIO STABILE GLOSSA are related to commercial and technical services rendered.
The costs concern the charges relating to the guarantees provided by FM S.r.l as well as the depreciation and financial charges relating to the leased property.
Costs pertaining to TBS.IT are connected to technical and corporate services rendered.

10.8 Significant events after the consolidated financial statements reporting date

COVID-19

For the Gpi Group as well, the Covid-19 health emergency that the WHO has defined as a pandemic has turned into a situation that is as unexpected as it is complex.
At the moment, the health emergency is certainly among the priorities that the Group is managing in consideration of two fundamental aspects:

- the protection of the health of all the people working within the Group and all the partners with whom we cooperate;
- management of the economic/financial implications related to the business and work dimension as it pertains to our staff.

Health of our workers

Our organisation is in compliance with the provisions of current health and safety regulations. Actions have been taken to create barriers to the spread of the virus (e.g., minimum distances between workstations, work shifts so as to reduce crowding, sanitisation interventions, rationing of the use of common areas, etc.); at the same time, initiatives have been taken to revise the work organisation which, in addition to contributing to safety aspects, guarantee the continued productivity of our collaborators. Smart working is certainly one of the choices adopted which, in addition to contributing to the management of the emergency, also guarantees a work-life balance.

Revenue

To date, customer orders are confirmed, no cancellations have been received; at the same time, we are registering an increase in customer requests for new services (e.g., telemedicine and related organisational solutions for remote patient management) and IT support services for emergency management. The management of bookings has slowed down and in some cases some LHAs [Local Health Authorities] have temporarily suspended new booking activities, but at the same time the cancellation and rebooking activities mean higher volumes of activity for us, so that the net effect is largely positive. Also, within Care SBA, there are numerous requests for the activation of information services in support of the emergency that will lead to a notable increase in revenues, which will most likely be of a structural nature. Insofar as software is concerned, it is possible to postpone the activities that were scheduled during this emergency period. On the other hand, a potential slowdown in deliveries related to orders in the robotics market is expected, depending on the temporary logistical difficulties.

Financial

The existence of electronic invoicing and the enhanced resources for the entire healthcare chain lead to an expectation of a potential reduction in collection times from the Public Administration, as our company operates mainly in the healthcare sector.

CERVED RATING

Among the significant events in 2020 is CERVED's confirmation of GPI's A3.1 rating in January.

ESTABLISHMENT OF MEDSISTEMI

GPI S.p.A. established the company MedSistemi S.r.l., with registered office in Trento, on 10 February 2020. This transaction was preparatory to the purchase of the "Consis" business unit on 27 February 2020, relating to the management services of the JSIS - Java Solution Integrated Suites Platform, developed in a Java Enterprise environment.

OSLO TRANSACTION

On 16 January 2020, GPI signed a preliminary investment agreement for the establishment of a Newco into which OSLO S.r.l. will transfer its business unit, specialised in the supply of management systems for the public and private healthcare sector. The signing of the agreement initiates the due diligence process that should be concluded with the acquisition by GPI of a majority stake (about 65%) in the Newco specifically set up for this purpose.
The transaction is part of a broader strategy to expand the product portfolio, aimed at integrating and enhancing GPI's Software SBA offering, completing the innovative skills related to the management of Management Systems, Big Data and Analytics, already present in the Group through the acquisition of BIM Italia in 2017.
OSLO s.r.l., based in Milan, a leading company in Business Intelligence, Business Analytics and Datawarehouse services with almost 100 customers in the Public and Private Healthcare sectors, complements GPI's offering by providing solutions, skills and presence in the territory. OSLO contributes solutions that collect, normalise and integrate in a single, certified and shared environment, all the available data that are usually present in an inconsistent way and are therefore difficult to use.
The fields of use are along two main lines, one that focuses on the development of information systems for management, and another that focuses on the development of a specific Data Quality Management (DQM) environment: in fact, data that is certified in this manner enables the generation of information that can create alternative scenarios that are searchable via the web, for the complete management of reporting paths throughout all the regions.

10.9 Other information

In accordance with the law, the fees paid to Directors, Statutory Auditors and Executives with strategic responsibilities are presented below.

In thousands of Euro	2019
Directors' fees	1,258
Board of Statutory Auditor's fees	117
Fees for key management personnel	125

Please refer to Annex 4 for the fees paid to the independent auditing firm.

Annex 1 - Scope of consolidation and investments of the GPI Group as at 31 December 2019

Consolidation area	Registered office	Functional currency	Share capital as at 31/12/2019	% Shareholding in share capital / consortium fund as at 31/12/2019	% of total Group interest	% of total interest of minority interests
Parent Company:						
GPI S.p.A.	Trento, Italy	Euro	8,544,964		100.00%	
Subsidiaries consolidated on a line-by-line basis:						
Accura S.r.l. *	Milan, Italy	Euro	100,000	80.00%	100.00%	0.00%
Argentea S.r.l.	Trento, Italy	Euro	200,000	80.00%	80.00%	20.00%
Argentea Sp. Zoo	Warsaw, Poland	Polish Zloty	60,000	65.60%	65.60%	34.40%
Bim Italia S.r.l. *	Trento, Italy	Euro	1,000,000	70.30%	100.00%	0.00%
Business Process Engineering S.r.l. *	Trento, Italy	Euro	222,222	71.60%	100.00%	0.00%
Cliniche della Basilicata S.r.l.	Potenza, Italy	Euro	110,000	67.00%	67.00%	33.00%
Consorzio Stabile Glossa Orizzonti Scarl	Trento, Italy	Euro	10,000	55.10%	55.10%	44.90%
Do.Mi.No S.r.l.	Venice, Italy	Euro	25,500	38.57%	38.57%	61.43%
Gbim S.r.l.	Pavia, Italia	Euro	100,000	70.00%	70.00%	30.00%
Gpi Chile spa	Santiago de Chile, Chile	Chilean peso	161,510,229	56.00%	56.00%	44.00%
Gpi Polska Sp. Zoo	Lublin, Poland	Polish Zloty	40,000	100.00%	100.00%	0.00%
Guyot-Walser Informatique*	Reims, France	Euro	100,000	60.00%	100.00%	0.00%
Healthech S.r.l. *	Trento, Italy	Euro	125,000	60.00%	100.00%	0.00%
Hemasoft America Corp. *	Miami, USA	US Dollars	988	60.00%	100.00%	0.00%
Hemasoft S.l. *	Madrid, Spain	Euro	600,200	60.00%	100.00%	0.00%
Informatica Group	Moscow, Russia	Russian Rouble	10,000	100.00%	100.00%	0.00%
Lombardia Contact S.r.l. Soc.Unipers.	Milan, Italy	Euro	2,000,000	100.00%	100.00%	0.00%
Peoplenav S.r.l.	Trento, Italy	Euro	10,000	100.00%	100.00%	0.00%
Professional Clinic G.m.b.h.	Klagenfurt, Austria	Euro	1,230,000	100.00%	100.00%	0.00%
Riedl G.m.b.h.	Plaue, Germany	Euro	160,000	51.00%	51.00%	49.00%
Sintac Srl	Trento, Italy	Euro	10,000	100.00%	100.00%	0.00%
Xidera S.r.l. *	Milan, Italy	Euro	10,000	60.00%	100.00%	0.00%
Subsidiaries excluded from the consolidation area:						
Gpi Africa Austral Sa	Maputo, Mozambique	Mozambican Metical	50,000	70.00%	70.00%	30.00%

* Consolidated 100% pursuant to IFRS 3 anticipated acquisition method

Name	Registered office	Functional currency	Share capital as at 31/12/2019	Equity Investment held by:	% of total Group interest	% of total minority interest
Equity-accounted Investments:						
Associates:						
SAIM - Suedtirol South Tyrol Informatica Medica S.r.l.	Bolzano, Italy	Euro	200,000	Gpi S.p.A. Profession-al Clinic G.m.b.h.	46.50%	53.50%
Consorzio Stabile Glossa	Naples, Italy	Euro	130,000	Gpi S.p.A.	21.40%	78.60%
TBS IT Telematic & Biomedical Services S.r.l.	Milan, Italy	Euro	600,000	Gpi S.p.A.	40.00%	60.00%

Annex 2 - Consolidated statement of financial position prepared pursuant to Consob Resolution No. 15519 of 27 July 2006

In thousands of Euro	31 December 2019	Of which related parties	31 December 2018	Of which related parties
Assets				
Goodwill	26,523		24,038	
Other intangible assets	56,656		56,023	
Property, plant and equipment	27,800	24	15,588	
Equity-accounted investments for using the equity method	170		241	
Non-current financial assets	1,199		2,092	
Deferred tax assets	4,983		3,291	
Contract costs	7,088		7,223	
Other non-current assets	921		1,399	
Non-current assets	**125,340**		**109,895**	
Inventories	4,770		3,937	
Contract assets	87,510	4,787	67,799	5,581
Trade and other receivables	43,227	663	41,005	557
Cash and cash equivalents	53,241		41,600	
Current financial assets	27,639	2,090	24,459	1,540
Current tax assets	662		904	
Current assets	**217,050**		**179,704**	
Total assets	**342,390**		**289,599**	
Shareholders' equity				
Share capital	8,545		8,545	
Share premium reserve	56,872		56,872	
Other reserves and retained earnings / (losses carried forward), including profit (loss) for the year	5,019		1,914	
Capital and reserves attributable to owners of the parent	**70,435**		**67,331**	
Capital and reserves attributable to non-controlling interests	**1,660**		**1,270**	
Total equity	**72,095**		**68,601**	
Liabilities				
Non-current financial liabilities	109,462	2	86,990	
Non-current provisions for employee benefits	6,075		6,059	
Non-current provisions for risks and charges	225		270	
Deferred tax liabilities	9,493		11,196	
Trade and other payables	6,357		15,584	
Non-current liabilities	**131,612**		**120,099**	
Contract liabilities	159		1,574	
Trade and other payables	78,952	579	53,598	2,047
Current employee benefits	749		546	
Current provisions for risks and charges	241		475	
Current financial liabilities	54,207	22	40,565	
Current tax liabilities	4,376		4,141	
Current liabilities	**138,683**		**100,899**	
Total liabilities	**270,295**		**220,998**	
Total equity and liabilities	**342,390**		**289,599**	

Annex 3 - Consolidated income statement prepared pursuant to Consob Resolution No. 15519 of 27 July 2006

In thousands of Euro	2019	Of which related parties	2018	Of which related parties
Revenue	236,961	1,046	201,856	3,138
Other income	3,959	318	1,811	219
Total revenue and other income	**240,920**		**203,667**	
Raw materials and consumables	(10,445)	(20)	(7,122)	
Service costs	(60,888)	(54)	(52,092)	(57)
Personnel expenses	(134,542)		(114,804)	
Amortisation, depreciation and impairment losses	(16,140)	(21)	(13,427)	
Other provisions	(1,004)		(82)	
Other operating costs	(2,819)		(2,927)	
Operating profit / (loss)	**15,082**		**13,212**	
Financial income	1,875		2,261	50
Financial expense	(4,153)	(206)	(2,560)	(364)
Net financial income	**(2,278)**		**(299)**	
Share of profit from equity investments accounted for using the equity method, net of tax effects	4		(97)	
Pre-tax profit	**12,808**		**12,816**	
Income tax	(3,034)		(3,336)	
Profit / (loss) for the year	**9,774**		**9,480**	
Profit / (loss) for the year attributable to:				
Owners of the parent	9,358		9228	
Non-controlling interests	416		252	

Annex 4 - Disclosure pursuant to Article 149-duodecies of the Consob Issuers' Regulations No.11971/1999

GPI S.p.A.

Type of services	Party that provided the service	Notes	Remuneration in thousands of Euro
Auditing	Auditor of the Parent Company		82
Auditing	Auditor of the Parent Company	(1)	29
Certification services	Auditor of the Parent Company	(2)	24
Total GPI S.p.A.			**135**

Subsidiaries

Type of services	Party that provided the service	Notes	Remuneration in thousands of Euro
Auditing	Auditor of the Parent Company		47
Voluntary audit of the accounts	Auditor of the Parent Company	(3)	3
Other services	Auditor of the Parent Company		15
Total subsidiaries			**65**
Total GPI Group			**199**

(1) Limited audit of the consolidated half-yearly financial statements
(2) Certification of compliance on the consolidated non-financial statement and the signing of the Unified and 770 tax return forms.
(3) Signing of the Unified and 770 tax return forms.

Report of the Financial Reporting Officer

The Healthcare Partner

Attestazione del bilancio consolidato ai sensi dell'art. 81-*ter *del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche e integrazioni

1. I sottoscritti Fausto Manzana e Federica Fiamingo, in qualità di Amministratore Delegato e Dirigente Preposto alla redazione dei documenti contabili societari di GPI S.p.A. attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:
   - l'adeguatezza in relazione alle caratteristiche dell'impresa e
   - l'effettiva applicazione delle procedure amministrative e contabili per la formazione del bilancio consolidato nel corso del 2019.

2. L'adeguatezza delle procedure amministrative contabili per la formazione del bilancio consolidato al 31 dicembre 2019 è stata valutata sulla base del modello Internal Control – Integrated Framework emanato dal Committee of Sponsoring Organizations of the Treadway Commission che rappresenta il modello di riferimento a livello internazionale generalmente accettato.

3. Si attesta, inoltre, che:

3.1 il bilancio consolidato al 31 dicembre 2019:
   a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento europeo e del Consiglio, del 19 luglio 2002;
   b) corrisponde alle risultanze dei libri e delle scritture contabili;
   c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.

3.2 La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi e incertezze cui sono esposti.

Trento, 27 marzo 2020

Amministratore Delegato

Fausto Manzana

Dirigente preposto alla redazione dei documenti contabili societari

Federica Fiamingo

GPI SpA
I-38123 Trento (TN). Via Ragazzi del '99, n. 13
T +39 0461 381515 / F +39 0461 381599
info@gpi.it / PEC gpi@pec.gpi.it

R.I. TN / P.I. / C.F. / 01944260221
R.E.A. C.C.I.A.A. TN nr. 189428
Cap. Soc. Euro 8.544.963,90 i.v.

CERTIFICAZIONE DI SISTEMA DI GESTIONE DNV·GL ISO 9001 ▪ ISO 14001 OHSAS 18001

www.gpi.it

Separate Financial Statements of GPI S.p.A.

03

STATEMENT OF FINANCIAL POSITION In thousands of Euro	*Note*	31 December 2019	31 December 2018
Assets			
Goodwill	*5.1*	5,645	5,645
Intangible assets	*5.1*	32,258	29,653
Property, plant and equipment	*5.2*	22,710	12,925
Equity-accounted investments for using the equity method	*5.3*	47,369	45,325
Non-current financial assets	*5.4*	2,207	3,125
Deferred tax assets	*5.5*	3,986	3,201
Contract costs	*5.7*	2,063	247
Other non-current assets	*5.6*	481	653
Non-current assets		**116,719**	**100,774**
Inventories	*5.7*	3,381	2,573
Contract assets	*5.7*	83,936	61,905
Trade and other receivables	*5.7*	32,986	38,117
Cash and cash equivalents	*5.8*	44,178	28,071
Current financial assets	*5.4*	31,584	24,040
Current tax assets	*5.9*	396	764
Current assets		**196,461**	**155,470**
Total assets		**313,180**	**256,244**
Shareholders' equity			
Share capital		8,545	8,545
Share premium reserve		56,872	56,872
Other reserves and retained earnings / (losses carried forward), including profit / (loss) for the year		8,918	1,368
Total shareholders' equity	***5.10***	**74,335**	**66,785**
Liabilities			
Non-current financial liabilities	*5.11*	107,424	86,499
Non-current provisions for employee benefits	*5.12*	4,071	4,371
Non-current provisions for risks and charges	*5.13*	170	170
Deferred tax liabilities	*5.5*	1,519	2,344
Other non-current liabilities	*5.14*	2,782	5,888
Non-current liabilities		**115,966**	**99,272**
Contract liabilities	*5.7*	103	1,083
Trade and other payables	*5.15*	61,803	45,105
Current employee benefits	*5.12*	646	528
Current provisions for risks and charges	*5.13*	201	469
Current financial liabilities	*5.11*	56,242	39,660
Current tax liabilities	*5.9*	3,884	3,342
Current liabilities		**122,879**	**90,187**
Total liabilities		**238,845**	**189,459**
Total shareholders' equity and liabilities		**313,180**	**256,244**

INCOME STATEMENT In thousands of Euro	Note	2019	2018
Revenue		168,939	112,874
Other income		5,850	2,918
Total revenue and other income	**7.1**	**174,789**	**115,792**
Raw materials and consumables	*7.2*	(9,280)	(6,212)
Service costs	*7.3*	(45,837)	(30,091)
Personnel expenses	*7.4*	(96,163)	(66,685)
Amortisation, depreciation and impairment losses	*7.5*	(8,262)	(4,519)
Other provisions	*7.6*	(940)	(32)
Other operating costs	*7.7*	(1,896)	(1,358)
Operating profit / (loss)		**12,411**	**6,894**
Financial income		6,486	2,291
Financial expense		(3,356)	(3,245)
Net financial income	**7.8**	**3,130**	**(954)**
Portion of profit of equity-accounted investments, net of tax effects	*7.9*	738	4,530
Pre-tax profit		**16,279**	**10,470**
Income taxes	*7.10*	(2,453)	(2,734)
Profit / (loss) for the year		**13,826**	**7,736**

STATEMENT OF COMPREHENSIVE INCOME In thousands of Euro	Note	2019	2018
Profit for the year		**13,826**	**7,736**
Other comprehensive income (expense)	***5.10***		
Items that will not be reclassified subsequently to profit or loss			
Revaluations of net liabilities/(assets) for defined benefits		(183)	(93)
Change in fair value of financial assets, other than equity investments, with an effect on OCI		54	690
Taxation on items that will not be reclassified subsequently to profit or loss		44	18
		(85)	**615**
Components that are or may be subsequently reclassified to profit or loss			
Cash flow hedges		(174)	96
Taxes on items that are or may be subsequently reclassified to profit or loss		(2)	(19)
		(176)	**78**
Other components of comprehensive income net of tax effects		**(261)**	**693**
Total comprehensive income (expense) for the year		**13,565**	**8,428**

TABLE OF CHANGES IN SHAREHOLDERS' EQUITY In thousands of Euro	Share capital	Share premium reserve	Reserve for revaluation of defined benefit plans (IAS 19)	Conversion reserve	Hedging reserve	Valuation reserve at fair value of financial assets, other than equity investments, with an effect on OCI	Other reserves and retained earnings / (losses carried forward), including profit / (loss) for the year	Total shareholders' equity
Balance as at 01 January 2018	**8,533**	**55,733**	**(103)**	**(141)**	**(86)**	**173**	**(239)**	**63,870**
Total comprehensive income								
Profit / (loss) for the year	-	-	-	-	-	-	7,736	7,736
Other comprehensive income (expense)	-	-	(75)	-	98	690	(21)	693
Total comprehensive income	**-**	**-**	**(75)**	**-**	**98**	**690**	**7,715**	**8,428**
Transactions with owners								
Contributions and distributions	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(4,742)	(4,742)
Business combinations	-	-	-	-	-	-	-	-
Other transactions with owners	12	1,139	-	-	-	-	(1,151)	-
Total transactions with owners	**12**	**1,139**	**-**	**-**	**-**	**-**	**(5,892)**	**(4,741)**
Other changes	-	-	(86)	146	(159)	-	(674)	(774)
Balance as at 31 December 2018	**8,545**	**56,872**	**(265)**	**5**	**(146)**	**863**	**911**	**66,785**
Balance as at 01 January 2019	**8,545**	**56,872**	**(265)**	**5**	**(146)**	**863**	**911**	**66,785**
Total comprehensive income (expense) for the year								
Profit for the year	-	-	-	-	-	-	13,826	13,826
Other comprehensive income (expense)	-	-	(139)	-	6	57	(185)	(261)
Total comprehensive income (expense) for the year	**-**	**-**	**(139)**	**-**	**6**	**57**	**13,641**	**13,565**
Transactions with owners								
Contributions and distributions	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(5,223)	(5,223)
Business combinations	-	-	-	-	-	-	-	-
Other transactions with owners	-	-	-	-	-	(793)	-	(793)
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(793)**	**(5,223)**	**(6,016)**
Other changes	-	-	-	-	-	-	1	1
Balance as at 31 December 2019	**8,545**	**56,872**	**(404)**	**5**	**(140)**	**127**	**9,330**	**74,335**

STATEMENT OF CASH FLOWS In thousands of Euro	Note	2019	2018
Cash flows from operating activities			
Profit / (loss) for the year		13,827	7,737
Adjustments for:			
- Depreciation of property, plant and equipment	*7.5*	2,959	1,381
- Amortisation of intangible assets	*7.5*	4,988	2,899
- Amortisation of contract costs	*7.5*	315	239
- Other provisions	*7.6*	940	32
- Financial income and expenses	*7.8*	(3,130)	954
Share of (profit) / loss of equity-accounted investees, net of tax	*7.9*	(738)	(4,530)
- Income tax	*7.10*	2,453	2,734
Changes in working capital and other changes		(9,352)	(5,119)
Interest paid		(3,209)	(2,640)
Income taxes paid		(3,233)	(1,477)
Net cash and cash equivalents generated by operating activities		**5,819**	**2,210**
Cash flows from investing activities			
Interest collected		437	42
Dividends collected		1,160	1,044
Acquisition of subsidiaries, net of liquidity acquired	*4*	(1,805)	(1,563)
Acquisition of property, plant and equipment	*5.2*	(2,901)	(1,618)
Development costs and other investments in intangible assets	*5.1*	(9,485)	(6,920)
Other investments in financial assets		2,557	2,012
Net cash and cash equivalents absorbed by investing activities		**(10,038)**	**(7,002)**
Cash flows from financing activities			
Purchase of treasury shares		(736)	(636)
Dividends paid	5.10	(5,223)	(4,742)
Amounts collected from bank loans		7,500	56,918
Repayment of bank loans		(17,565)	(18,595)
Proceeds from bond issues		30,000	-
Repayment of bonds		(3,000)	(11,750)
Lease payments		(353)	(575)
Lease payments IFRS 16		(1,564)	-
Net change in other current and non-current financial liabilities		11,098	(10,661)
Changes in payables for acquisition of investments		170	(5,257)
Net cash and cash equivalents generated by financing activities		**20,326**	**4,702**
Net increase in cash and cash equivalents		**16,108**	**(90)**
Opening cash and cash equivalents		28,071	24,858
Cash and cash equivalents from mergers		-	3,303
Cash and cash equivalents as at 31 December	*5.8*	**44,178**	**28,071**

• Notes to the financial statements

1. General information

GPI S.p.A. (hereinafter also defined as the "Company" or "GPI") is the Parent of a Group which operates in the field of social-healthcare IT services and new hi-tech services for health.

The Company's offering combines specialised IT expertise and advisory and planning capabilities that make it possible to operate in a range of Strategic Business Areas ("SBA"): Software, Care, Automation and ICT Services (see Note 7.1).

GPI's ordinary shares and warrants are listed on the Mercato Telematico Azionario managed by Borsa Italiana S.p.A. and therefore subject to the supervision of CONSOB (Commissione Nazionale per le Società e la Borsa).

The registered offices are in Via Ragazzi del '99, 13 Trento, Italy.

As of the date of drafting these financial statements, FM S.r.l. is the shareholder who holds the majority of GPI S.p.A.'s shares, managing and coordinating the latter.

These financial statements as at and for the year ended 31 December 2019 have been approved by GPI's Board of Directors during the meeting held on 27 March 2020.

2. Form and content of the separate financial statements

The statements for the year ended 31 December 2019 have been prepared in accordance with Articles 2 and 3 of Legislative Decree No. 38/2005 and Article 154-ter "Financial Report" of the Consolidated Finance Act (TUF) and subsequent amendments, on a going concern basis.

The financial statements are prepared in accordance *with International Financial Reporting Standards* (IFRS), issued by *the International Accounting Standards Board and* approved by the European Commission, which include the *interpretations issued by the International Financial Reporting Interpretations* Committee (IFRIC), as well as the *previous International Accounting Standards (IAS)* and interpretations *of the Standing Interpretations* Committee (SIC) still in force, approved by the European Commission. For the sake of simplicity, all the standards and interpretations are defined as the "IFRS" further on. In addition, account was taken of the measures issued by Consob in implementation of paragraph 3 of Article 9 of Legislative Decree No. 38/2005 concerning the preparation of financial statements.

The financial statements comprise the accounting schedules (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows) and these Notes, applying the matters envisaged by the provisions of IAS 1 "Presentation of Financial Statements" and the general historical cost approach, except the financial statement items recognised at *fair value* pursuant to the IFRS. The statement of financial position is presented on the basis of the layout which envisages the distinction between current and non-current assets and liabilities. The costs are classified on the basis of the nature of the same in the income statement. The statement of cash flows is drawn up applying the indirect method.

The IFRS are applied on a consistent basis with the indications provided in the "*Conceptual Framework for Financial Reporting*" and no problems arose that would have required derogation as defined in section 19 of IAS 1.

It should also be noted that pursuant to Resolution No. 15519 of 27 July 2006, Consob required the inclusion in the above-mentioned financial statements of any significant sub-items in addition to those already specifically provided for in IAS 1 and other IFRS, to present them separately from the reference items:
- the amounts of positions and transactions with related parties;
- income components deriving from non-recurring events and operations whose occurrence, or from operations or facts that are infrequent in the usual course of business.

All the balances are expressed in thousands of Euro, unless otherwise indicated. The Euro is the Company's functional currency. The corresponding balance for the previous year is shown for each item of the accounting schedules, for comparative purposes.

It is hereby noted that the new accounting standard of IFRS 16 "Leases" came into force with effect from 1 January 2019. It provides a single model for the recognition of leasing contracts, eliminating the previous distinction between operating and finance leases for the lessee. On first-time adoption, the Company availed itself of the option granted by the standard to recognise the effects of the application of the standard in the statement of financial position at 1 January 2019, without modifying the comparative income statement. Please refer to Note 3 regarding the impact of the new standard on the Company's balances.

3. Accounting standards and policies applied

The most significant accounting standards and policies applied during the preparation of the financial statements as at and for the year ended 31 December 2019, are illustrated below. The accounting standards described below have been applied uniformly across all periods included in these financial statements, except the changes introduced by the application of the new accounting standard IFRS 16 *Leasing*", which enter into effect on 1 January 2019.

Intangible assets and goodwill

Intangible assets are the identifiable assets lacking physical consistency, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired against payment.

The identifiability is defined with reference to the possibility of distinguishing the intangible assets acquired with respect to goodwill. This requirement is normally met when the intangible asset: (i) is attributable to a legal or contractual right or (ii) is separable, or can be sold, transferred, leased or exchanged autonomously or as an integral part of other assets. The control by the company involves the ability to avail of the future economic benefits deriving from the assets and the possibility of limiting access to the same by others.

The costs relating to internal development activities are recognised under assets when: (i) the costs attributable to the intangible asset can be reliably determined; (ii) there is the intention, availability of financial resources and technical capacity to render the assets available for use or sale, (iii) it can be demonstrated that the asset is able to produce future economic benefits.

Goodwill arising from the acquisition of companies is valued at cost net of accumulated impairment losses. Intangible assets are recognised at cost, which is determined in accordance with the same methods indicated for property, plant and equipment.

Intangible assets with a defined useful life are amortised as from the moment the same assets are available for use, in relation to the residual useful life.

The annual amortisation/depreciation rates used in 2019, presented by standardised categories with indication of the related interval of application, are shown in the table below:

Intangible assets	Amortisation/Depreciation rate
Software	6% - 33%
Customer relations	20% - 50%
Other non-current assets	12% - 33%

Property, plant and equipment

Property, plant and equipment are stated at purchase cost, inclusive of any directly attributable related charges, as well as the financial expense incurred during the period of realisation of the assets.

The cost of the property, plant and equipment, determined as indicated above, whose use is limited over time, is depreciated systematically each year, on a straight-line basis, on the basis of the estimated economic-technical life.

If significant parts of property, plant and equipment have different useful lives, these components are recognised separately in the accounts. Land, whether free from construction or associated with industrial and non-industrial buildings, is not depreciated since it has an unlimited useful life.

The annual amortisation/depreciation rates used in 2019, presented by standardised categories with indication of the related interval of application, are shown in the table below:

Property, plant and equipment	Amortisation/Depreciation rate
Buildings	3%
Plant and machinery	12% - 30%
Industrial equipment	15%
Other assets	12% - 15%

In the presence of specific indicators regarding the risk of non-recovery of the carrying amount of the property, plant and equipment, these are subject to an *impairment test* to detect any losses in value, as described further on in the relevant section.

Property, plant and equipment are no longer recorded in the financial statements further to their disposal; any gain or loss (calculated as the difference between the disposal value, net of the selling costs, and the carrying amount) is recognised in the income statement in the year of disposal.

Equity Investments

Equity Investments in subsidiaries, in associates and in joint ventures are accounted for using the equity method and recognised initially at cost with the portion of the profits or losses accrued during the year pertaining to the Company recognised in the income statement, with the exception of the effects relating to other changes in the equity of the investees, other than transactions with the shareholders, which are directly reflected in the Company's statement of comprehensive income.

Associate companies are entities over whose financial and operating policies GPI exercises significant influence, but does not have control or joint control, while joint ventures are defined by an agreement affording the Company rights to net assets, rather than claiming rights on the assets and assuming obligations for the liabilities.

In the event of possible losses exceeding the carrying amount of the investment, the excess is recognised in a specific liability reserve to the extent that the investing company is obliged to fulfil legal or implicit obligations vis-à-vis the investee or in any event to cover the losses.

Contract costs

The Company recognises the incremental costs of obtaining the contract with the customer as an asset, if it expects to recover them. The incremental costs of obtaining the contract are the costs GPI incurs to obtain the contract with the customer that it would not have incurred had it not obtained the contract.

Costs for obtaining the contract that would have been incurred even if the contract had not been obtained are recognised as expenses at the time they are incurred, unless they are explicitly chargeable to the customer even if the contract has not been secured or they do not meet the requirements for recognition as assets as costs for the performance of the contract.

As a practical expedient, the Company may recognise the incremental costs of obtaining the contract as an expense when incurred if the amortisation period of the asset that the entity would otherwise have recognised does not exceed one year.

If the costs incurred to fulfil the contract with the customer are not within the scope of another standard, the entity recognises the costs incurred in fulfilling the contract as assets only if the costs meet all of the following conditions: If the costs incurred to fulfil the contract with the customer are not within the scope of another standard, the Company recognises the costs incurred in fulfilling the contract as assets only if the costs meet all of the following conditions:
- the costs are directly related to the contract or an intended contract, which the Company can identify specifically (for example, costs incurred for services to be provided under the renewal of the existing contract or for the design of an asset to be transferred under a specific contract that has not yet been approved);
- the costs allow the Company to have new or additional resources available to meet (or continue to meet) its obligations in the future, and the costs are expected to be recovered.

The costs directly related to the contract (or to a specific contract expected to be concluded) include the following:
- direct labour costs (e.g., wages and salaries of employees who provide the services promised to the customer directly);
- the costs of direct raw materials (e.g., supplies used to provide the customer with the promised services);

- allocations of costs that are directly related to the contract or contractual activities (e.g., costs of managing and supervising the contract, insurance and depreciation of instruments, equipment and right to use assets applied in the performance of the contract);
- the costs explicitly chargeable to the customer under the contract, and
- other costs incurred solely because the Company entered into the contract (e.g., payments to subcontractors).

The Company shall recognise the following costs as expenses when incurred:
- the general and administrative costs that are explicitly chargeable to the customer under the contract;
- the costs of losses of material, working hours or other resources used for the performance of the contract which were not included in the contract price;
- costs relating to obligations fulfilled (or partially fulfilled) under the contract (i.e., costs relating to past services) and
- costs which the Company is unable to determine as being related to unfulfilled obligations or fulfilled (or partially fulfilled) obligations.

Revenue

GPI has used the option to apply the accounting standard endorsed by the European Commission in 2016 "IFRS 15 Revenues from Contracts with Customers" from the year ended 31 December 2016.

Revenue is recognised on the basis of the payments allocated to"*performance* obligations " deriving from contracts with customers.

The recognition of revenue takes place at the time the related *performance obligation*is satisfied, or when the Company has transferred control over the good or service to the customer, in the following ways:
- *over time*;
- at a specific *point in time*.

The following table shows than main types of products and services which GPI supplies to its customers and the related recognition methods:

Products and services	Nature and time-scale for satisfying the performance obligations
Supply of hardware and software	GPI recognises the "point in time" revenue when the hardware and software devices are available for use by the customer. This normally takes place on completion of the installation of the devices by the Company.
Supply of administrative services	Within the sphere of long-term contracts for the supply of administrative services, GPI recognises the portion of "point in time" revenue corresponding to the preparation and launch of the technological and operational infrastructure. The handling of the administrative services, usually long-term, determines the recognition of the "over time" revenue.
Corrective and adaptive software maintenance and help-desk services	The fees for services for corrective and adaptive maintenance of software and for help-desk services are recognised "over time", on a straight-line basis over the supply period, since the economic benefits are independent from the degree of use of said services by the customers.
Developmental maintenance of the software	GPI recognises the revenue from services for the developmental maintenance of the software as said services are provided. This normally takes place "over time" on the basis of the days of work carried out which can be invoiced.
Supply of machinery	Revenues from the supply of machinery are recognised at the time when the risks and benefits from controlling the asset are transferred to the customer.
Desktop Management activities	The fees for system assistance and Desktop Management are recognised "over time", for contracts that are usually multi-annual.
Payroll Services	The Company's revenues from payroll processing services and auditing of the resulting information from the calculation of salaries, are recorded "over time".

In cases where a contract with the customer involves several performance obligations, the Company takes steps to make an equal allocation of the contractual payment on the basis of the "expected cost-plus margin" approach. This typically takes place in packages for the supply of hardware and/or software and maintenance, in administrative service contracts (so-called "CUP").

Interest income, as well as income expense, is calculated on the value of the related financial assets and liabilities, using the effective interest rate.

Dividends are recognised when the right of the shareholders to receive the related payment arises.

Contract assets and liabilities

The contracts with customers are recognised on the basis of the payments accrued with reasonable certainty in relation to the satisfaction of the performance obligations deriving from said contracts.

The accrued payments include: (i) revenue accrued on the performance obligations fulfilled "over time" and (ii) revenues accrued on the performance obligations fulfilled "at point in time" or, if the performance obligations which lead to the recognition of "at point in time" revenue have not yet been fulfilled as of the reporting date, the costs incurred for the fulfilment of the performance obligations not yet fulfilled.

The positive or negative difference between the payment accrued and the amount invoiced is recognised respectively under the assets or under the liabilities in the statement of financial position, having also taken into account any write-downs made for risks associated with the failure to recognise the services performed.

In the event that due to the fulfilment of the performance obligations envisaged by the contracts a loss is envisaged, this is immediately booked to the income statement irrespective of the state of fulfilment of the performance obligations.

Financial instruments

The financial instruments held by the Company are represented by the items described below.

- Financial assets

Financial assets include equity investments, current securities, financial receivables, also represented by the positive *fair value* of derivative financial instruments, trade and other receivables, as well as cash and cash equivalents.

In particular, cash and cash equivalents include cash, bank deposits and highly marketable securities that can be readily converted into cash and that are subject to a non-significant risk of change in value.

Current securities include securities with short-term maturities or negotiable securities that represent temporary investments of cash and do not meet the requirements to be classified as cash and cash equivalents. Financial assets represented by debt securities are classified in the financial statements and valued according to the business model that GPI has decided to adopt for the management of the financial assets themselves, and on the basis of the cash flows associated with each financial asset. Financial assets also include equity investments that are not held for trading. These assets are strategic investments and the Company has decided to recognise the changes in their *fair value* in the income statement ('FVTPL' or *fair value through profit and loss*).

Financial assets are tested for impairment through the application of an impairment model based on *expected credit losses* ('ECL').

- Financial liabilities

Financial liabilities include financial payables, which are also represented by the negative *fair value* of derivative financial instruments, trade payables and other payables.

Financial liabilities are classified and measured at amortised cost, except financial liabilities that are initially measured at *fair value*, e.g., financial liabilities relating to earn-outs from business combinations and derivative instruments and financial liabilities for options on minority interests.

- Derecognition of financial assets and liabilities

A financial asset or liability (or, where applicable, part of a financial asset/liability or part of a group of similar financial assets/liabilities) is derecognised from the financial statements when GPI has unconditionally transferred the right to receive cash flows from the asset or the obligation to make payments or meet other obligations related to the liability.

- Derivative financial instruments and hedging transactions

Derivative financial instruments are used solely for hedging purposes to reduce interest rate risk. Derivative financial instruments are accounted for in accordance with the methods established for hedge accounting (*fair value* hedges or cash flow hedges) only when, at the start of the hedge, there is a designation of the hedging relationship itself. All derivative financial instruments are measured at *fair value*.

If hedge accounting cannot be applied, gains or losses arising from the measurement of the derivative financial instrument at fair value are recognised in the income statement.

Inventories

Inventories, mainly made up of stock and spare parts for the maintenance and assembly of machines, are recognised at purchase or production cost and the net estimated realisable value which can be obtained from their sale during the normal performance of the activities, whichever is the lower. The purchase cost is determined by means of the application of the weighted average cost method.

Receivables and payables

Receivables are initially recognised at *fair value* and subsequently at amortised cost, using the effective interest rate method, net of the related impairment losses with reference to the sums deemed non-collectible. The estimate of the sums deemed uncollectible is based on the value of the estimated future cash flows. These flows take into account the envisaged recovery time-scales, the estimated realisable value, any guarantees received, as well as the costs which it is believed will have to be incurred for the recovery of the receivables. The original value of the receivables is reinstated in subsequent years to the extent that the reasons which led to the adjustment cease to exist. In this case, the write-back is recorded in the income statement and cannot in any event exceed the amortised cost which the receivable would have had in the absence of the previous adjustments.

Payables are initially recognised at cost, corresponding to the *fair value* of the liability, net of any directly attributable transaction costs. After initial recognition, payables are valued using the amortised cost approach, adopting the effective interest rate method.
Trade receivables and payables, whose maturity falls within the normal trade terms, are not discounted.

Employee benefits

The liabilities relating to short-term benefits guaranteed to employees, provided during the employment relationship, are recognised on an accruals basis for the amount accrued as of the year-end date.

The liabilities relating to benefits guaranteed to employees, provided in coincidence with or after the termination of the employment relationship by means of defined contribution plans, are recognised for the amount accrued as of the year-end date.

The liabilities relating to benefits guaranteed to employees, provided in coincidence with or after the termination of the employment relationship by means of defined benefit plans, are recognised in the period the right accrues, net of any assets serving the plan and the advances paid out, are determined in accordance with actuarial hypotheses and are recognised on an accruals basis in line with the work services necessary for obtaining the benefits. The valuation of these liabilities is carried out by independent actuaries. The gain or the loss deriving from making the actuarial calculation is recorded in full in the statement of comprehensive income in the reference period.

Provisions for risks and charges

Provisions for risks and charges are set up when: (i) there is an current obligation (legal or implicit) vis-à-vis third parties which derives from a past event, (ii) an outlay of resources to satisfy the obligation is probable and (iii) a reliable estimate of the amount of the obligation can be made.

The provisions are stated at the value representing the best estimate of the amount which the Company would pay to settle an obligation or to transfer it to third parties as of the year-end date. If the effect of the discounting back is significant, the provisions are determined by discounting the expected cash flows using a discount rate which reflects the current market valuation of the cost of money. When the discounting is carried out, the increase in the provision due to the passage of time is recorded as financial expense.

Public grants

Operating grants are recorded in the income statement in the year of pertinence, on a consistent basis with the costs which they are commensurate with.

The grants related to assets received for projects and development activities are stated under liabilities in the statement of financial position and are subsequently recognised under operating revenues in the income statement, on a consistent basis with the amortisation of the assets to which they refer.

Any grants received for investments in property, plant and equipment are recognised as a reduction of the cost of the assets to which they refer and contribute, as a reduction, to the calculation of the related depreciation charges.

Treasury Shares
In the case of a repurchase of shares recognised in equity, the consideration paid, including costs directly attributable to the transaction, is recognised as a reduction in equity. The shares thus repurchased are classified as treasury shares and recognised in the treasury shares reserve. The consideration received from the subsequent sale or reissue of treasury shares is recognised as an increase in shareholders' equity. Any positive or negative difference arising from the transaction is recognised in the share premium reserve.

Income taxes
Income taxes are recognised on the basis of an estimate of the tax liabilities to be paid, in compliance with the provisions in force applicable to the Company.

The payables relating to income taxes are stated under current tax liabilities in the statement of financial position, net of the advances paid. Any positive imbalance is recorded under current tax assets.

Prepaid and deferred taxes are calculated according to the timing differences between the carrying amount of the assets and liabilities (emerging from the application of accounting standards applied as described in this Note 3 Accounting standards and policies applied) and their value for tax purposes and recognition takes place as follows: (i) prepaid taxes are recognised only if sufficient taxable income exists that would ensure they are recoverable; (ii) deferred taxes are always recognised when they exist.

For 2019, GPI S.p.A. once again prepared the National Tax Consolidation, to which some subsidiaries under Italian law belong (specifically, Cento Orizzonti Scarl, Lombardia Contact S.r.l., Argentea S.r.l. and, from 2019, also Sintac S.r.l.).

Impairment losses and reversals of impairment losses (*impairment testing*)
As of the reporting date, the carrying amount of property, plant and equipment, intangible assets, financial assets and equity investments is subject to assessment so as to determine whether there are indications that these assets have suffered a loss in value (impairment). If these indications exist, steps are taken to estimate the value of said assets, to check the recoverability of the amounts recorded in the financial statements and determine the amount of any impairment loss to be recognised. With regard to intangible assets with an indefinite useful life and those under progress, the afore-mentioned impairment test is carried out at least once a year, irrespective of the occurrence or otherwise of events which lead to the supposition of impairment, or more frequently in the event that events or changes in circumstances take place which may reveal possible impairments.

If it is not possible to estimate the recoverable value of an asset individually, the estimate of the recoverable value is included within the sphere of a cash generating unit (CGU) to which the assets belong. This check involves the estimate of the recoverable value of the assets (represented by the estimated market value, net of selling costs, or the value in use, whichever is the higher) and the comparison with the related carrying amount. If the latter is higher, the asset is written down to the recoverable value.

When determining the value in use, the pre-tax estimated future cash flows are discounted using a discount rate, pre-tax, which reflects the current estimate of the market referring to the cost of the capital in relation to time and the specific risks of the asset. In the estimate of the future cash flows of operating functioning CGUs, by contrast cash flows and discount rates net of taxation are used, which produce results more or less equivalent to those deriving from a pre-tax valuation. The impairment losses are recognised in the income statement and classified differently depending on the nature of the impaired assets. The same are reversed, within the limits of the impairment losses recognised, in the event that the reasons which generated the latter cease to exist, with the exception of goodwill and participating financial instruments valued at cost in the cases where the *fair value* cannot be reliably determined.

Estimates and valuations
As envisaged by the IFRS, the drafting of the financial statements requires estimates and valuations to be made which are reflected in the determination of the carrying amount of the assets and liabilities, as well as in the information provided in the notes, also with reference to the contingent assets and liabilities outstanding at year end.

The decisions made by management during the process of applying the IFRS standards, which have the most significant effects on the amounts recognised in the financial statements, concern the identification and valuation of "performance obligations" arising from contracts with customers.

Estimates are mainly used to determine depreciation and amortisation, asset impairment tests (including the valuation of receivables), provisions, employee benefits, the *fair value* of financial assets and liabilities, deferred tax assets and liabilities, in the context of the acquisition of a subsidiary: *fair value* of the consideration transferred (including the contingent consideration) and *fair value* of assets acquired and liabilities assumed, provisionally measured.

The effective results recognised subsequently could, therefore, differ from these estimates; furthermore, the estimates and the valuations are reviewed and up-dated periodically and the effects deriving from any changes in the same are immediately reflected in the financial statements.

Translation of foreign currency balances

Foreign currency transactions are translated into the functional currency of the Company at the exchange rate in force at the date of the transaction.

Monetary items in a foreign currency at the end of the financial year are translated into the functional currency using the exchange rate at the same date. Non-monetary items that are measured at *fair value* in a foreign currency are translated into the functional currency using the exchange rates in force at the date the *fair value* was determined. Non-monetary items that are valued at historical cost in a foreign currency are translated using the exchange rate on the transaction date. Exchange differences arising from translation are generally recognised in profit/(loss) for the year.

However, exchange differences arising from the translation of the financial instruments are recognised among other components of the comprehensive income statement for cash flow hedges to the extent that the hedge is effective.

Valuation of *fair value* and *fair value* hierarchy

With regard to all the transactions or balances (financial or non-financial) in relation to which an accounting standard requires or permits measurement at *fair value* and which falls within the scope of application of IFRS 13, GPI applies the following criteria:

- identification of the unit of account, in other words the level at which an asset or a liability is aggregated or disaggregated so as to be recognised for IFRS purposes;
- identification of the main market (or, in the absence thereof, the most advantageous market) on which transactions could take place for the asset or the liability subject to valuation; in the absence of evidence to the contrary, it is presumed that the market currently used coincides with the main market or, in the absence thereof, with the most advantageous market;
- definition, for non-financial assets, of the highest and best use: in the absence of evidence to the contrary, the highest and best use coincides with the current use of the asset;
- definition of the most appropriate valuation techniques for the estimate of the *fair value*: these techniques maximise the recourse to observable data, which the market participants would use for determining the price of the asset or the liability;
- determination of the *fair value* of the assets, as the price which would be received for the related sale, and of the liabilities and the capital instruments, as the price which would be paid for the related transfer in a regular transaction between market operators as of the date of valuation;
- inclusion of the non-performance risk in the valuation of the assets and liabilities and, in particular for the financial instruments, determination of an adjustment factor in the measurement of the *fair value* in order to include not only the counterparty risk (CVA - credit valuation adjustment) but also the related credit risk (DVA - debit value adjustment).

On the basis of the data used for the valuations at *fair value*, a *fair value* hierarchy is identified on the basis of which to classify the assets and liabilities valued at *fair value* or for which the *fair value* is indicated in the financial statements disclosure:

- level 1: this includes the prices listed on active markets for assets or liabilities identical to those subject to valuation;
- level 2: this includes observable data, other than that included in level 1, such as for example: i) prices listed on active markets for similar assets or liabilities; ii) prices listed on inactive markets for similar or identical assets or liabilities; iii) other observable data (interest rate curves, implicit volatilities, credit spreads);
- level 3: this uses non-observable data, which can be resorted to if observable input data is not available. The non-observable data used for the purposes of the fair value valuation reflect the hypotheses that the market participants would adopt in fixing the price for the assets and liabilities subject to valuation.

Reference is made to the notes relating to the individual financial statements items for the definition of the *fair value* hierarchy level on the basis of which to classify the individual instruments valued at *fair value* or for which the *fair value* is indicated in the financial statements disclosure.

No transfers took place during the year between the various *fair value* hierarchy levels.

With regard to the medium/long-term financial instruments, other than derivatives, should market listings not be available, the *fair value* is determined by discounting the expected cash flows, using the market interest rate curve as of the reference date and considering the counterparty risk in the event of financial assets and the related credit risk in the event of financial liabilities.

New accounting standards

During the year, the following international accounting standards and their interpretations issued by the IASB and approved by the EU came into force, and therefore must be adopted from financial years beginning on 1 January 2019.

Document title	Issue date	Date of entry into effect	Date of approval	EU Regulation and publication date
Annual improvements to IFRS cycle 2015-2017	Dec-17	1 January 2019	Mar-19	(EU) 2019/412 15/03/2019
Prepayment elements with negative offset (Amendments to IFRS 9)	Oct-17	1 January 2019	Mar-18	(EU) 2018/498 26/03/2018
IFRS 16 - Leasing	Jan-16	1 January 2019	Oct-17	(EU) 2017/1986 09/11/2017
Long-term interests in Associates and Joint Ventures (Amendments to IAS 28).	Oct-17	1 January 2019	Feb-19	(EU) 2019/237 11/02/2019
IFRIC 23 - Uncertainty over Income Tax Treatments	Jun-17	1 January 2019	Oct-18	(EU) 2018/1595 24/10/2018
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	Feb-18	1 January 2019	Mar-19	(EU) 2019/402 14/03/2019

The impact of IFRS 16 is shown below, while the introduction of the other standards in 2019 had no significant impact on the financial statements.

IFRS 16 - Highlights

The standard (which replaces IAS 17, IFRIC 4, SIC 15 and SIC 27) provides a different definition of a lease and introduces an identification criterion based on the control of an asset, to distinguish lease contracts from service provision contracts, identifying the following as the differentiating elements: identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from the use of the asset and, lastly, the right to use the asset underlying the contract.

The new accounting standard standardises the accounting treatment of operating and financial *leases* for lessees, requiring the lessee to present in the statement of financial position the assets deriving from a lease which must be recognised and classified as rights of use, i.e., under the same item in which the corresponding underlying assets would be presented if they were owned, to be depreciated on the basis of the duration of the right or asset used. At the time of initial recognition, as a contra-entry to the right or asset recognised, the lessee also recognises the financial liability deriving from the contract, in an amount equal to the present value of the minimum compulsory lease payments due.

IFRS 16 clarifies that under a *lease* agreement, a lessee must separate the components relating to the lease (to which the provisions of the same standard are applicable) from those relating to other services, to which the relevant provisions of the other IFRSs are applicable. The lease payments relating to *leases* of a duration of 12 months or less and those leases pertaining to assets of a low value that are not material for the lessee, may be represented in the accounts as costs for the year.

However, for lessors the alternative accounting models applicable to financial or operating leases continue to apply, depending on the characteristics of the contract, pursuant to the provisions of IAS 17; therefore, lessors will recognise a financial receivable (in the case of a financial lease) or an asset (for an operating lease).

IFRS 16 - Effects deriving from first-time adoption

The work of assessing the impact of the new standard on the Company's accounting balances was carried out in several stages, including the mapping of contracts that could potentially be subject to IFRS 16 and the analysis of the same so as to understand the main relevant clauses for the purpose of applying the standard.

What emerged as the result of this exercise was that GPI essentially has two types of leases in a lessee capacity: operating leases pertaining to properties which are the most important, and the lease for the automobile fleet.

Upon adopting IFRS 16, the Company opted to apply the following simplifications permitted by the standard:

- modified retrospective application, with the recognition of the cumulative effects deriving from the application of the standard in the statement of financial position as at 1 January 2019, without impact on shareholders' equity or modification of the comparative income statement for 2018;
- use of the information available at the transition date to determine the duration of each lease, with particular reference to the exercise of extension and early closure options;
- for the less significant leases, exclusion from the new method of accounting for leases with a residual duration of 12 months or less (starting from 1 January 2019) and those involving assets of a modest value. For these assets, lease payments continue to be recorded in the income statement, based on the duration of the respective contracts;
- exclusion of initial direct costs from the measurement of the right of use on 1 January 2019;
- exclusion of the application of the new accounting standard to lease contracts with assets underlying an intangible asset.

It should be noted that leased assets recognised in application of IFRS 16 "*Leases*" are included in the item "Property, plant and equipment" in the "Statement of financial position" at 31 December 2019 and detailed in the respective items of leased property, plant and equipment in Note 5.2

The following table shows the impact of the adoption of IFRS 16 on the statement of financial position at 1 January 2019.

STATEMENT OF FINANCIAL POSITION In thousands of Euro	31 December 2018	Effects of adopting IFRS 16	1 January 2019
Assets			
Goodwill	*5,645*	-	5,645
Intangible assets	*29,653*	-	29,653
Property, plant and equipment	*12,925*	4,396	17,321
Equity-accounted investments for using the equity method	*45,325*	-	45,325
Non-current financial assets	*3,125*	-	3,125
Deferred tax assets	*3,201*	-	3,201
Contract costs	*247*	-	247
Other non-current assets	*653*	-	653
Non-current assets	**100,774**	**4,396**	**105,170**
Inventories	*2,573*	-	2,573
Contract assets	*61,905*	-	61,905
Trade and other receivables	*38,117*	-	38,117
Cash and cash equivalents	*28,071*	-	28,071
Current financial assets	*24,040*	-	24,040
Current tax assets	*764*	-	764
Current assets	**155,470**	**-**	**155,470**
Total assets	**256,243**	**4,396**	**260,640**
Shareholders' equity			
Share capital	8,545	-	8,545
Share premium reserve	56,872	-	56,872
Other reserves and retained earnings / (losses carried forward), including profit / (loss) for the year	1,368	-	1,368
Total shareholders' equity	***66,784***	**-**	**66,784**
Liabilities			-
Non-current financial liabilities	*86,499*	3,405	89,905
Non-current employee benefits	*4,371*	-	4,371
Non-current provisions for risks and charges	*170*	-	170
Deferred tax liabilities	*2,344*	-	2,344
Other non-current liabilities	*5,888*	-	5,888
Non-current liabilities	**99,272**	**3,405**	**102,677**
Contract liabilities	*1,083*	-	1,083
Trade and other payables	*45,105*	-	45,105
Current employee benefits	*528*	-	528
Current provisions for risks and charges	*469*	-	469
Current financial liabilities	*39,660*	991	40,651
Current tax liabilities	*3,342*	-	3,342
Current liabilities	**90,187**	**991**	**91,178**
Total liabilities	**189,459**	**4,396**	**193,855**
Total shareholders' equity and liabilities	**256,243**	**4,396**	**260,640**

Accounting standards published but NOT yet adopted

The following standards and their interpretations are applicable for financial years beginning on or after 1 January 2019:

Document title	Issue date	Date of entry into effect	Date of approval	EU Regulation and publication date
Changes to references to the Conceptual Framework in the IFRS	Mar-18	1 January 2020	Nov-19	(EU) 2019/2075 06/12/2019
Definition of material (Amendments to IAS 1 and IAS 8).	Oct-18	1 January 2020	Nov-19	(EU) 2019/2014 10/12/2019
Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7).	Sep-19	1 January 2020	Jan-20	(EU) 2020/34 16/01/2020

GPI has not applied these standards in advance.

Standards NOT yet endorsed by the EU at 31 December 2019.

The following International Accounting Standards, interpretations and amendments to existing IASB-approved accounting standards and interpretations had not been ratified for adoption in the European Union as of the date of the financial statements:

Document title	Date issued by the IASB	Date of entry into effect of the IASB document	Expected date of approval by the EU
Standards			
IFRS 14 Regulatory Deferral Accounts	Jan-14	1 January 2016	Approval date Not indicated
IFRS 17 Insurance Contracts	May-17	1 January 2021	TBD
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Sep-14	Deferred until completion of the IASB project on the equity method	Postponed pending completion of the IASB equity method project
Definition of business (Amendments to IFRS 3)	Oct-18	1 January 2020	Mar-20
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Jan-20	1 January 2022	TBD

4. Main corporate transactions and acquisitions during the year

During 2019, GPI conducted certain corporate transactions, mainly involving the Software SBA. In addition to the acquisitions detailed below, the "Mimosa" business unit was acquired for EUR 65 thousand for relations with customers (backlog) and EUR 14 thousand and for other tangible assets.

Acquisition of Accura S.r.l.

On 18 February 2019, GPI acquired 80% of the shares of Accura S.r.l., a company that provides healthcare services and services to assisted persons, at the hospital and territorial level, as well as remote assistance and call centre services.

The acquisition contract provides for a put and call agreement for transferral of the remaining 20%.

For the purpose of drawing up these separate financial statements, the investment in Accura S.r.l. was recognised using the equity method as from the date when control was obtained, taking into account the *fair value* of the acquired portion. In accordance with IAS 28, the cost of the investment includes the purchase price and the other costs directly attributable to the purchase, such as professional and legal advice and other costs relating to the transaction.

Acquisition of Business Process Engineering S.r.l.

On 25 March 2019, GPI acquired control of Business Process Engineering S.r.l., a company operating in the management, organisational, technical and scientific consultancy sector, focusing on business management, information and telecommunications issues.
After acquiring 36.9% of the minority interests in February 2019, GPI obtained 71.6% control of the company following a share capital increase, subscribed and paid in full by GPI.

The capital increase provided for a further contract with a "put and call" agreement for the transfer of the minority interest.

For the purpose of drawing up these separate financial statements, the investment in Business Process Engineering S.r.l. was recognised using the equity method as from the date when control was obtained, taking into account the *fair value* of the acquired portion. In accordance with IAS 28, the cost of the investment includes the purchase price and the other costs directly attributable to the purchase, such as professional and legal advice and other costs relating to the transaction.

Acquisition of Guyot-Walser Informatique

On 11 October 2019, GPI acquired 60% of the shares of Guyot - Walser Informatique Sas, a company operating in the transfusion sector, which deals with software for the management of blood in French healthcare facilities.

The acquisition contract provides for a put and call agreement for the transfer of the minority interest.

For the purpose of drawing up these separate financial statements, the investment in Guyot-Walser Informatique was recognised using the equity method as from the date when control was obtained, taking into account the *fair value* of the acquired portion. In accordance with IAS 28, the cost of the investment includes the purchase price and the other costs directly attributable to the purchase, such as professional and legal advice and other costs relating to the transaction.

Establishment of Healthech S.r.l.

On 17 June 2019, GPI set up a new company with P.A.A.B.S. S.r.l., named Healthtech S.r.l. that will operate in the field of IT services realization, conception and design. It is hereby noted that Gpi S.p.A. holds 60%, but the acquisition contract provides for a "put and call" agreement for the transfer of the remaining 40%.

For the purpose of drawing up these separate financial statements, the investment in Healthtech S.r.l., was recognised using the equity method as from the date when control was obtained, taking into account the fair value of the acquired portion. In accordance with IAS 28, the cost of the investment includes the purchase price and the other costs directly attributable to the purchase, such as professional and legal advice and other costs relating to the transaction.

Establishment of PeopleNav S.r.l.

On 2 October 2019, GPI set up PEOPLENAV S.r.l. as sole shareholder, which operates in the design, development and installation of telematic and direct computer systems for localisation networks.

On 8 October 2019, PEOPLENAV S.r.l. subsequently acquired control of the Everyware business unit that operates in the same field.

5. Information on the statement of financial position items

The items of the statement of financial position as at 31 December 2019 are commented on below. For the breakdown of the items of the statement of financial position deriving from related party transactions, please refer to Note 8.4 Related party transactions.

5.1 Intangible assets and goodwill

Intangible assets as at 31 December 2019 came to EUR 37,903 thousand, up EUR 2,605 thousand when compared with 2018 (EUR 35,298 thousand).

Intangible non-current assets in progress and advances include EUR 15,198 thousand relating to software development projects not yet completed. Again, with reference to this item, it should be noted that "Other changes in cost" take into account the contributions obtained on research and development projects.

The increases for investments made during the year, amounting to EUR 8,236 thousand, are mainly related to the capitalisation of costs incurred during the year for the development of software, mostly for projects that have yet to be completed and are therefore recognised under non-current assets in progress. Capitalised costs are tested for recoverability on the basis of the expected future returns from the prepared development plans, which are periodically reviewed.

In thousands of Euro	Goodwill	Software	Customer relations	Other intangible fixed assets	Non-current assets under development and payments on account	Total
Cost as at 01 January 2018	1,630	22,010	-	172	5,043	28,855
Accumulated amortisation, depreciation and write-downs	-	(17,285)	-	(132)	-	(17,417)
Carrying amount as at 01 January 2018	**1,630**	**4,725**	**-**	**40**	**5,043**	**11,438**
Increases	-	736	-	-	6,184	6,920
Decreases	-	-	-	-	(146)	(146)
Historical cost - Business combinations	4,015	12,019	2,450	4,607	1,311	24,402
Provision - Business combinations	-	(2,900)	(605)	(533)	-	(4,038)
Other changes cost	-	1,656	-	(102)	(1,966)	(412)
Other changes provision	-	(132)	-	167	-	35
Amortisation/Depreciation	-	(2,595)	(131)	(172)	-	(2,899)
Total changes	**4,015**	**8,784**	**1,713**	**3,966**	**5,382**	**23,861**
Historical cost	5,645	36,422	2,450	4,677	10,425	59,619
Accumulated amortisation, depreciation and write-downs	-	(22,913)	(736)	(671)	-	(24,321)
Carrying amount as at 31 December 2018	**5,645**	**13,509**	**1,713**	**4,006**	**10,425**	**35,298**
Increases	-	586	240	-	7,411	8,236
Decreases	-	-	-	-	-	-
Historical cost - Business combinations	-	-	65	-	-	65
Provision - Business combinations	-	-	-	-	-	-
Other changes cost	-	1,916	-	-	(2,567)	(651)
Other changes provision	-	30	-	-	-	30
Amortisation/Depreciation	-	(3,788)	(789)	(498)	-	(5,075)
Total changes	**-**	**(1,257)**	**(484)**	**(498)**	**4,844**	**2,605**
Historical cost	5,645	38,923	2,755	4,677	15,269	67,269
Accumulated amortisation, depreciation and write-downs	-	(26,672)	(1,525)	(1,169)	-	(29,366)
Carrying amount as at 31 December 2019	**5,645**	**12,251**	**1,230**	**3,508**	**15,269**	**37,903**

It should be noted that following the process of integrating the acquisitions of recent years, particularly from the second half of 2017 and in 2018, GPI has re-identified the CGUs compared to the previous year. Some of these were merged and create independent cash flows only when taken as a single unit. More specifically, the CGUs have been identified in the strategic business areas of the Company.

The composition of goodwill, amounting to EUR 5,645 thousand as at 31 December 2019, is illustrated in the following table.

In thousands of Euro	31/12/2018	31/12/2019	(WACC)	Stress test (Wacc)
CGU 2018 identified in CGU Software SBA:				
Acquisition of Erre Effe Informatica S.r.l.	517	517		
Acquisition of Infoline S.r.l.	1,758	1,758		
Acquisition of Nuova Sigma S.r.l.	1,741	*1,741*		
Veterinaria (former Sferacarta S.r.l.)	293	*293*		
Total Software SBA	4,309	**4,309**	**8.39%**	**10.10%**
CGU 2018 identified in CGU ICT SBA:				
Desktop management (former GPI Technology S.r.l.)	1,336	1,336		
Total ICT SBA	1,336	**1,336**	**8.12%**	**18.40%**
Total	**5,645**	**5,645**		

Pursuant to IAS 36, goodwill is not subject to amortisation, but it is tested for impairment annually or more frequently if specific events and circumstances occur that may indicate that a reduction in value has occurred. At the Board of Directors' meeting of 27 March 2020, GPI verified the recoverability of the carrying amount of the Net Invested Capital (NIC) as at 31 December 2019. The NIC includes the value of goodwill. In determining the recoverable value, which is the value in use as the sum of the discounted cash flows generated in the future and on an ongoing basis by the NIC (discounted cash flow unlevered method), management referred to the five-year Business Plans (2020-2024) of the individual CGUs approved by GPI's Board of Directors on 27 March 2020. More specifically, to determine the recoverable amount of the Net Invested Capital, cash flows have been discounted using a discount rate (WACC) that takes into account the specific risks of the asset and reflects current market assessments of the cost of money. Different WACCs have been calculated as shown in the table above. The recoverable value also includes the terminal value of the income flows which was calculated using the "perpetual annuity" method considering a growth rate (g rate) equal to zero. The weighted average cost of capital calculated for the purpose of discounting flows is based on a weighting between the cost of debt and the cost of equity, based on the values of companies comparable to GPI and thus operating in the same sector of activity. The impairment test carried out did not reveal any loss in value, as the value in use of the CGUs was always higher than the book value. In addition, since recoverable value is determined on the basis of projections, GPI also carried out sensitivity analyses, varying the basic assumptions of the impairment test. The column "Stress test (WACC)" shows the discount rates above which a write-down of the respective goodwill amounts is carried out.

The real impact of the new coronavirus known as Covid-19 on the main macroeconomic variables (e.g., employment, interest rates, government incentives, etc.), at the date of preparation of this Financial Report, cannot be predicted with a sufficient degree of reliability. Given the rapid evolution of the situation and contagion and the uncertainty regarding the extent of the economic and social effects of the Corona virus Covid-19, neither its duration nor its extent can be reliably determined and therefore it is not possible to reliably assess what the real impact on the Company's cash flows may be.

For impairment testing purposes, a scenario in which the equity market risk premium considers the high volatility of the markets due to the diffusion of Covid-19 was prudentially analysed. This parameter was weighted by adjusting the WACC rate for the first two years of the specific period. This scenario as well did not result in any significant impact on the carrying amounts of the identified CGUs.

5.2 Property, plant and equipment

Property, plant and equipment as at 31 December 2019 came to EUR 22,710 thousand, up EUR 9,785 thousand when compared with 2018 (EUR 12,925 thousand).

The increase in the net value of property, plant and equipment with respect to the balance as at 31 December 2018 is primarily due to the effect of the first-time adoption of IFRS 16, which led to the recognition of property, plant and equipment as a contra-entry to financial liabilities, for contracts held by the Company as lessee, as described in Note 3, to which reference should be made, totalling EUR 9,720 thousand, broken down as follows:

- EUR 4,396 thousand, referring to contracts already existing as at 31 December 2018.
- EUR 6,997 thousand pertains to the contracts initiated in 2019.
- EUR 1,673 thousand pertains to the relevant accumulated depreciation.

The further increases of EUR 1,016 thousand are mainly attributable to the increase in the buildings item and pertain to work at the Company's offices and the purchase of plant, machinery, equipment and electronic office machinery.

Land and buildings as at 31 December 2019 include a revaluation of EUR 1,512 thousand made at the time of first-time application of the IFRS, on which deferred tax liabilities are recognised.

In thousands of Euro	Land	Buildings	Industrial plant, machinery and equipment	Other assets	Assets under construction	Total
Cost as at 01 January 2018	1,564	10,553	3,765	3,959	18	19,859
Accumulated amortisation, depreciation and write-downs	-	(2,307)	(2,661)	(3,093)	-	(8,061)
Carrying amount as at 01 January 2018	**1,564**	**8,246**	**1,104**	**866**	**18**	**11,798**
Increases	-	490	596	498	34	1,618
Decreases	-	8	-	(20)	(20)	(32)
Historical cost - Business combinations	13	957	135	2,624	2	3,731
Provision - Business combinations	-	(262)	(128)	(2,392)	-	(2,783)
Other changes cost	541	(557)	28	-	-	12
Other changes provision	-	(21)	(18)	-	-	(39)
Amortisation/Depreciation	-	(442)	(630)	(309)	-	(1,381)
Total changes	**554**	**173**	**(17)**	**401**	**16**	**1,127**
Historical cost	2,118	11,451	4,525	7,061	34	25,189
Accumulated amortisation, depreciation and write-downs	-	(3,032)	(3,437)	(5,794)	-	(12,264)
Carrying amount as at 31 December 2018	**2,118**	**8,419**	**1,087**	**1,267**	**34**	**12,925**
First-time adoption of IFRS 16	-	3,580	49	767		4,396
Increases	-	6,901	281	779	52	8,013
Decreases	-	-	(5)	(88)	-	(93)
Historical cost - Business combinations	-	-	-	14	-	14
Provision - Business combinations	-	-	-	-	-	-
Other changes cost	-	(8)	367	(6)	-	353
Other changes provision	-	8	(31)	83	-	61
Amortisation/Depreciation	-	(1,827)	(378)	(754)	-	(2,959)
Total changes	**-**	**8,654**	**283**	**796**	**52**	**9,785**
Historical cost	2,118	21,924	5,217	8,527	86	37,872
Accumulated amortisation, depreciation and write-downs	-	(4,851)	(3,846)	(6,465)	-	(15,162)
Carrying amount as at 31 December 2019	**2,118**	**17,073**	**1,371**	**2,062**	**86**	**22,710**

Property, plant and equipment as at 31 December 2019 were divided up between leased assets and assets not leased.

In thousands of Euro	Land	Buildings	Property, plant and equipment	Other assets	Assets under construction	Total
Leased assets	843	2,203	184	29	-	3,259
Assets not leased	1,275	6,216	903	1,238	34	9,666
Total as at 31 December 2018	**2,118**	**8,419**	**1,087**	**1,267**	**34**	**12,925**
Leased assets	843	11,025	153	739	-	12,760
Assets not leased	1,275	6,049	1,218	1,323	86	9,950
Total as at 31 December 2019	**2,118**	**17,073**	**1,371**	**2,062**	**86**	**22,710**

5.3 Equity-accounted investments

Equity investments in subsidiaries and associated companies recorded in the financial statements at a value of EUR 47,369 thousand are valued using the equity method

It is hereby noted that the valuation using the equity method is carried out using the latest statements of financial position released by the respective companies.

In thousands of Euro	% ownership	31-Dec 18	Acquisitions	Transactions with owners	Distributions	Mergers /IC transfers	IS profit or loss	Other movements	Change Ris. Conv.	Change Ris. Cash Flow Hedge	Actuarial gains/ losses	31-Dec 19
Equity investments in subsidiaries												
LOMBARDIA CONTACT S.r.l.	100%	10,406	-	-	(1,080)	-	(1,100)	-	-	-	(6)	8,220
ARGENTEA S.r.l.	80%	1,192	-	-	(80)	-	415	-	(1)	-	(20)	1,506
SINTAC S.r.l.	100%	(23)	27	-	-	-	(59)	61	-	-	-	6
GPI CHILE SpA	56%	(2)	-	-	-	-	(3)	4	1	-	-	-
CONSORZIO STABILE CENTO ORIZZONTI S.c.a.r.l.	55%	45	-	-	-	-	216	-	-	-	(6)	255
RIEDL GmbH	51%	650	-	-	-	-	217	-	-	-	-	867
GBIM S.r.l.	70%	1,557	-	-	-	-	(119)	-	-	-	-	1,438
PROFESSIONAL CLINIC SOFTWARE GmbH	100%	11,638	-	-	-	-	20	-	-	(12)	(34)	11,612
HEMASOFT SL	60%	9,460	-	-	-	-	474	-	-	-	-	9,934
HEMASOFT AMERICA Corp.	60%		-	-	-	-	-	-	-	-	-	-
XIDERA S.r.l.	60%	1,695	-	-	-	-	160	-	-	-	(12)	1,843
BIM ITALIA S.r.l.	70%	8,586	-	-	-	-	767	-	-	-	(44)	9,309
GPI POLSKA z.o.o. (formerly SALURIS z.o.o.)	60%	7	6	-	-	-	(13)	-	-	-	-	-
CLINICHE DELLA BASILICATA S.r.L.	67%	6	67	-	-	-	(4)	-	-	-	-	69
INFORMATICA GROUP O.o.o.	100%	-	-	-	-	-	(1)	3	-	(2)	-	-
ACCURA S.r.l.	80%	-	1,040	-	-	-	(72)	-	-	-	-	968
HEALTHECH S.r.l.	60%	-	300	-	-	-	(4)	-	-	-	-	296
BUSINESS PROCESS ENGINEERING S.r.L.	71.60%	-	369	-	-	-	(131)	(74)	-	-	-	164
PEOPLENAV S.r.l.	100%	-	10	-	-	-	17	-	-	-	-	27
GUYOT-WALSER INFORMATIQUE	60%	-	758	-	-	-	(46)	31	-	-	-	743
Equity investments in associates			-	-	-	-	-	-	-			
Ziti Tecnologica Ltda	50%	-	-	-	-	-	-	-	-	-	-	-
Consorzio Glossa a r.l.	21%	52	-	-	-	-	1	-	-	-	-	53
TBS IT Telematic & Biomedical Service Srl	40%	-	-	-	-	-	-	-	-	-	-	-
SAIM - Südtirol Alto Adige Informatica Medica Srl	23.25%	57	-	-	-	-	2	-	-	-	-	59
Total valuations at equity		**45,326**	**2,577**	**-**	**(1,160)**	**-**	**737**	**25**	**-**	**(14)**	**(122)**	**47,369**

Refer to Note 4 and the Report on Operations for further details on the acquisitions made during the year.

5.4 Financial assets

Financial assets as at 31 December 2019 came to EUR 33,791 thousand, up by EUR 6,626 thousand when compared with 2018 (EUR 27,165 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Non-current financial assets		
Derivatives	187	164
Other equity investments and capital instruments	217	136
Other financial assets	1,803	2,825
Total non-current financial assets	**2,207**	**3,125**
Current financial assets		
Derivatives	6,435	2
Amounts due from factoring agents	18,660	14,561
Other financial assets	6,489	9,477
Total current financial assets	**31,584**	**24,040**

Non-current financial assets as at 31 December 2019 came to EUR 2,207 thousand, up EUR 918 thousand when compared with 2018 (EUR 3,125 thousand).

The following are classified under non-current financial assets:

- the value of *fair value* derivatives embedded in the contract for the purchase of the equity investment in the subsidiary Xidera S.r.l.;
- other equity investments and financial instruments, which mainly include equity instruments of unlisted companies;
- other financial assets as follows:
  - the EUR 1,320 thousand loan granted to the indirect subsidiary Riedl GmbH,
  - as well as EUR 414 thousand that pertains to the insurance policy concluded with "Itas Vita S.p.A." with maturity between one and five years and a gross yield of 2.76%.

Pursuant to IAS 1, par. 33, the reduction is mainly due to the reclassification under payables for purchase of shares of the payment of EUR 1,000 thousand of the escrow account; this escrow account was originally paid by GPI as a guarantee for the payment of the Hemasoft Group, as well as any indemnity obligations contractually provided for by the seller. The reclassification became necessary during the year as the Company intends to exercise the call option expiring in May 2020 for the purchase of the remaining minority interest in the Hemasoft Group.

Current financial assets as at 31 December 2019 came to EUR 31,584 thousand, up by EUR 7,544 thousand when compared with 2018 (EUR 24,040 thousand). The following are classified under current financial assets:

- derivatives with a positive *fair value*, equal to EUR 6,435 thousand, relating to the valuation of existing call options for the purchase of the remaining minority interests in companies over which the Company already has control (BIM Italia S.r.l. - Hemasoft Group) at a fixed price;
- amounts due from factoring agents of EUR 18,660 thousand, referring to the without recourse factoring of receivables not yet collected;
- other financial assets as follows:
  - loans granted to Group companies totalling EUR 2,384 thousand and specifically EUR 1,020 thousand to the subsidiary Argentea S.r.l., EUR 833 thousand to the subsidiary Sintac S.r.l., EUR 290 thousand to the subsidiary Accura S.r.l., EUR 123 thousand to the subsidiary Business Process Engineering S.r.l., EUR 56 thousand to the subsidiary GPI Chile, as well as other minor loans;
  - interest-bearing loans (5% annual rate) to associated companies totalling EUR 2,257 thousand, mainly attributable to the associated company TBS IT Telematic & Biomedical Services S.r.l. (EUR 2,090 thousand);
  - the receivable from the release of a EUR 1,200 thousand guarantee.
  - the insurance policy taken out with "Credit Agricole Vita S.p.A.", with a maturity of more than five years and a gross rate of return of 2.86% already owned by the merged company Info Line S.r.l. (incorporated in 2018) of EUR 444

thousand (down by EUR 138 thousand compared with 31 December 2018 following partial redemptions during the period).

The delta of other current financial assets, compared with the value recorded as at 31/12/2018, equal to EUR 2,988 thousand, is mainly due to the collection of the VAT credit (as at 31 December 2018 equal to EUR 1,531 thousand referred to previous years, for which the reimbursement was collected in the first days of 2019) and to the liquidation of the escrow deposit account stipulated with "Banca Mediolanum" (present as at 31 December 2018 in the amount of EUR 2,891 thousand).

It should be noted that securities other than equity investments are classified in accordance with IFRS 9 as financial assets valued at *fair value* with the effects charged to the income statement.

Details of the *fair value* hierarchy levels are provided in Note 6 Financial instruments.

5.5 Deferred tax assets and liabilities

The breakdown of deferred tax assets and liabilities, by type of taxation, is illustrated in the following table:

In thousands of Euro	31 December 2019	31 December 2018
Deferred tax assets		
IRES	3,448	2,957
IRAP	538	244
	3,986	**3,201**
Deferred tax liabilities		
IRES	(1,310)	(2,042)
IRAP	(210)	(302)
	(1,519)	**(2,344)**
Net deferred tax assets (liabilities)	**2,467**	**857**

The change in net deferred tax assets during 2019 is broken down as follows:

Net deferred tax assets as at 31 December 2018	**857**
Recognitions in the income statement	(160)
Recognitions under other comprehensive income	42
Mergers and other changes	1,728
Net deferred tax assets as at 31 December 2019	**2,467**

As further detailed in the table below, "Mergers and other changes" shows the net impact on total deferred tax liabilities relating to tax relief (pursuant to Article 15, paragraphs 10-11-12 of Decree Law No. 185/2008 for goodwill and Article 176 of the Consolidated Income Tax Act for other fixed assets) of the higher values of merger deficits with reference to the extraordinary transactions that took place in 2018 (Erre Effe S.r.l., Nuova Sigma S.r.l., Info Line S.r.l.)

The impact on the income statement of changes in deferred tax assets and liabilities as a result of these redemptions was limited to EUR 814 thousand and represents the economic benefit of the transaction. The remaining EUR 913 thousand were recorded under substitute tax payables, of which EUR 700 thousand had already been paid in 2019.

In thousands of Euro	Carrying value	Reabsorption of deferred liabilities	Allocation of deferred assets
Software	690	(193)	5
Backlog	1,570	(438)	31
Customer relationship	274	(76)	6
Goodwill	3,809	(1,063)	-
Net deferred tax assets (liabilities)	**6,343**	**(1,770)**	**42**

The following table contains the breakdown of deferred tax liabilities and assets recognised on each financial statements item.

In thousands of Euro	31 December 2019	Of which assets	Of which liabilities
Intangible assets	672	1,529	(857)
Property, plant and equipment	(593)	2	(595)
Contract assets	2,073	2,140	(67)
Trade and other receivables	89	89	-
Other non-current liabilities	50	50	-
Provisions for risks and charges	176	176	-
Net deferred tax assets (liabilities)	**2,467**	**3,986**	**(1,519)**

The deferred taxes relating to property, plant and equipment refer to the unredeemed revaluation on the property housing the headquarters made at the time of initial adoption of the IFRS.

Intangible assets and goodwill mainly refer to the higher value recognised for tax purposes of capitalisations carried out in previous years in accordance with the provisions of the national accounting standards and then applied by the Company or applied by companies subsequently merged, as well as to the allocation of merger deficits of mergers carried out in previous years.

The net deferred tax assets recognised on assets deriving from agreements with customers mainly refer to the adjustments made on invoices to be issued at the time of first adoption of the IFRS, both by the Company as well as by companies that were subsequently incorporated and subsequent allocations to the provision for doubtful debts.
Other assets refer to provisions in excess of the portion recognised for tax purposes of trade receivables, hedging derivatives, provisions for legal disputes or provisions for charges relating to the provision for employee severance indemnities valued in accordance with IAS 19.

5.6 Other non-current assets

Other non-current assets amount to EUR 481 thousand, down EUR 172 thousand compared with 2018 (EUR 653 thousand). The decrease in other receivables compared with the prior period is mainly due to the closure of the receivable carried forward by the merged company Nuova Sigma S.r.l., while the increase in multi-year prepayments refers to costs incurred during the year or in prior years accruing beyond 12 months.

In thousands of Euro	31 December 2019	31 December 2018
Non-current sureties	17	19
Multi-year prepayments	454	191
Other non-current receivables	10	444
Total	**481**	**653**

5.7 Net trade assets

Inventories

Inventories came to EUR 3,381 thousand, up EUR 808 thousand when compared with 2018 (EUR 2,573 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	2,961	2,388
Less: inventory write-down provision	-	-
Advances to suppliers	420	185
Total	**3,381**	**2,573**
Carrying amount of inventories pledged as collateral for liabilities	-	-

Finished products and goods refer mainly to products related to Automation SBA involving finished machines ready for delivery (*nursey rolley*, *buster* and*phasys*).

Inventories held by third parties totalled EUR 751 thousand, an increase of EUR 95 thousand compared with 2018 (EUR 656 thousand), relating to the value of goods held by customers or suppliers for service activities and by Group companies for material not yet delivered to customers.

Contract assets and liabilities

Net contract assets came to EUR 83,833 thousand, up EUR 23,012 thousand when compared with 2018 (EUR 60,821 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Contract assets	83,936	61,905
Contract liabilities	(103)	(1,083)
Total	**83,833**	**60,821**

These items refer to the value of revenues realised during the year but not yet invoiced. A provision for doubtful debts has been calculated on this amount as a precautionary measure.

The change in the financial statements items under analysis during 2019 is described in the following table:

In thousands of Euro	Assets	Liabilities
Opening balance	**61,905**	**(1,083)**
Transfers to trade receivables during the year	(25,873)	1,083
Provision for the write-down of invoices to be issued	(706)	
Recognition of revenues not yet invoiced	48,610	(103)
Closing balance	**83,936**	**(103)**

The provision for doubtful debts is a prudent provision that takes into account the extended time and bureaucratic steps required for the recognition of the activities carried out by public customers, particularly insofar as software developments.

Trade and other receivables

Trade and other receivables came to EUR 32,986 thousand, down by EUR 5,131 thousand when compared with 2018 (EUR 38,117 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Trade receivables	27,801	33,215
Other receivables	5,185	4,902
Trade and other receivables	**32,986**	**38,117**

Trade and other current receivables as at 31 December 2019 were made up as follows:

In thousands of Euro	31 December 2019	31 December 2018
Trade receivables	30,049	35,032
Allowance for impairment	(2,248)	(1,816)
Other receivables	3,434	1,853
Receivables for public grants	470	482
Receivables for indirect taxes	570	209
Guarantee deposits	711	2,358
Total	**32,986**	**38,117**

Trade receivables of EUR 30,049 thousand, include EUR 27,865 thousand due from third parties (down by EUR 2,202 thousand compared with 2018, or EUR 30,067 thousand), EUR 2,066 thousand due from Group companies (down EUR 2,899 thousand compared with 2018, or EUR 4,965 thousand) and EUR 118 thousand due from associates (equal to EUR 0 in 2018).

The provision for doubtful debts changed during the year due to the utilisation of EUR 316 thousand and a further provision of EUR 748 thousand.

Other receivables of EUR 3,434 thousand mainly refer to:

- EUR 1,272 thousand (an increase of EUR 532 thousand compared with 2018) for prepaid expenses on costs recorded during the year, but pertaining to 2020, mainly due to existing sureties for participation in tenders and contracts;
- EUR 872 thousand (up by EUR 460 thousand compared with 2018) for receivables due from subsidiaries (specifically Argentea S.r.l., Cento Orizzonti Scarl and Lombardia Contact S.r.l.) for balances due from GPI as the consolidating company in the national tax consolidation;
- EUR 560 thousand (an increase of EUR 81 thousand compared with 2018) for items related to employment contracts with employees and contractors, such as amounts owed by INPS, INAIL, cost refunds for staff with elected offices, payments on account and advances to employees;
- EUR 195 thousand for licences acquired but not yet used;
- EUR 151 thousand claimed from the transferor of the "Mimosa" business unit for payments made by the Company for fees due on employment relationships involving the previous owner's responsibility;
- EUR 60 thousand temporarily advanced by the Company for the newly established subsidiary PeopleNav S.r.l. for the payment of the deposit for the purchase of a business unit.

The increase of EUR 1,581 thousand compared with the 2018 balance, recorded under "Other receivables", is therefore mainly due to the items analysed above.

Receivables from government grants amounting to EUR 470 thousand recorded a slight decrease of EUR 12 thousand compared with 2018, but changes during the year saw the confirmation and collection of a total of EUR 401 thousand, of which EUR 12 thousand referred to receivables already allocated in previous years.

The indirect tax credit refers to the balance of the VAT credit of EUR 494 thousand due claimed by the Company, accrued in the last quarter of 2019 (in fact, the Company submits a quarterly request for reimbursement of the VAT credit accrued as a result of the predominance of issuing invoices under the split payment regime pursuant to Article 17-ter of Presidential Decree No. 633/72), an increase with respect to 31/12/2018, due to the allocation, in the previous year, to the item other current financial assets of the credit referring to previous years, which was reimbursed in the first few days of January 2019 (see also Note 5.4).

Guarantee deposits of EUR 711 thousand mainly refer to advances and deposits to suppliers (EUR 695 thousand, down EUR 322 thousand on the 2018 balance). It should be noted that the decrease in the balance compared with the previous year is mainly due to the release obtained on a payment made for the granting of a guarantee in 2017 totalling EUR 1,200 thousand, now reclassified under "Current financial assets" (see also Note 5.4).

The breakdown of trade receivables by maturity with the allocation of the corresponding allowance for doubtful accounts is shown below:

In thousands of Euro	Total receivables	Falling due	Past due	1-90	91-180	181-360	Over 360	Bad debts
Receivables from customers	27,983	10,549	17,434	6,191	2,255	2,671	5,662	655
Receivables from Group companies	2,066	442	1,624	279	140	16	1,189	-
Total gross receivables	**30,049**	**10,991**	**19,058**	**6,471**	**2,394**	**2,687**	**6,850**	**655**
Gross receivables as a percentage of total	***100.00%***	***36.60%***	***63.40%***	***21.50%***	***8.00%***	***8.90%***	***22.80%***	***2.20%***
Allowance for impairment	2,248	75	2,172	87	71	136	1,325	553
Write-down % by band	-7.48%	-0.70%	-11.40%	-1.40%	-3.00%	-5.10%	-19.30%	-84.30%
Net receivables	**27,801**	**10,916**	**16,885**	**6,383**	**2,323**	**2,551**	**5,525**	**103**
Net receivables as a percentage of total	***100.00%***	***39.30%***	***60.70%***	***23.00%***	***8.40%***	***9.20%***	***19.90%***	***0.40%***

Contract costs

Non-recurring contract costs came to EUR 2,689 thousand, gross of the accumulated amortisation, up by EUR 2,044 thousand when compared with 2018 (EUR 645 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Contract costs	2,689	645
Accumulated amortisation for contract costs	(626)	(398)
Total	**2,063**	**247**

The increase refers to the costs incurred for the acquisition of the contract for the supply of administrative services to the Veneto Region started during the year.

The total change, net of amortisation charged during the year of EUR 228 thousand, was EUR 1,816 thousand.

5.8 Cash and cash equivalents

Cash and cash equivalents came to EUR 44,178 thousand, up EUR 16,107 thousand when compared with 2018 (EUR 28,071 thousand).

Cash and cash equivalents are recognised at nominal value, considered to also reflect the realisable value, and include the values which possess the following requirements: high liquidity, available on demand or over the very short-term and an insignificant risk of change in their value.

For a better understanding of the trend in cash and cash equivalents, please refer to the Statement of Cash Flows.

In thousands of Euro	31 December 2019	31 December 2018
Bank current accounts	44,004	27,895
On-demand deposits	-	-
Cash	174	176
Cash and cash equivalents shown in the statement of financial position	**44,178**	**28,071**

5.9 Current tax assets and liabilities

Tax assets and liabilities are made up as follows:

In thousands of Euro	Current tax assets		Current tax liabilities	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
IRES	396	764	-	(1,761)
IRAP	-	-	(109)	(210)
Other income taxes	-	-	(395)	-
Taxes for tax consolidation	-	-	(3,380)	(1,370)
Total	**396**	**764**	**(3,884)**	**(3,342)**

Current tax assets refer to tax credits claimed by the Company in relation to tax deductions, allowances and investments to be recovered in future years.

GPI S.p.A. has prepared the National Tax Consolidation Scheme once again for 2019; a number of the Italian subsidiaries participate in this procedure as follows: Cento Orizzonti Scarl, Lombardia Contact S.r.l., Argentea S.r.l. e, and Sintac S.r.l. from 2019. Tax liabilities as at 31 December 2019 therefore include IRES (corporation tax) accrued during the year under the tax consolidation arrangement amounting to EUR 3,446 thousand, net of advances paid, and the substitute tax due for the tax relief of the higher values resulting from extraordinary transactions amounting to EUR 395 thousand (see also the comment in Note 5.5).

5.10 Shareholders' Equity

Shareholders' equity came to EUR 74,335 thousand, up EUR 7,550 thousand when compared with 2018 (EUR 66,785 thousand).

The main changes during the year, shown in detail in the statement of changes in equity, relate to:

- the profit for the year amounting to EUR 13,826 thousand;
- the distribution of the balance of dividends for 2018 totalling EUR 5,223 thousand;
- the negative result of the other components of the comprehensive income statement, amounting to EUR 261 thousand net of the related tax effects, mainly determined by the positive change in the *fair value* of the financial assets and the reserve for the revaluation of the defined benefit plans pursuant to IAS 19 with an effect on OCI;
- the purchase of EUR 793 thousand of treasury shares included under other movements.

At 31 December 2019, the entirely subscribed and paid up share capital of GPI was EUR 8,544,964, divided into a total of 15,909,539 ordinary shares with no par value. There were 113,894 ordinary treasury shares in the portfolio.

At the date of these financial statements, there are 2,368,380 warrants outstanding.

The statement of analysis of the share capital and the equity reserves with indications of the related possible utilisation and illustration of the available portion is presented below.

In thousands of Euro	Balance as at 31 December 2019	Possibility of use (A, B, C) (*)	Available portion	Summary of the uses in the last 3 years	
				For coverage of losses	For other reasons
Issued share capital	8,545	B	-	-	-
Share premium reserve	56,872	A, B	56,872	-	-
Legal reserve	1,756	A, B	-	-	-
Shareholder contribution reserve for future capital increases	3	A, B	-	-	-
Reserve from revaluation of investments at equity	(3,501)	B	-	-	-
- FTA reserve for property, plant and equipment	1,512	B	-	-	-
Extraordinary reserve	1,155	A, B, C	1,155	-	-
Reserve from valuation of cash flow hedging instruments	(140)	n/a	-	-	-
Reserve for actuarial valuation gains (losses) in provisions for employee benefits	(404)	n/a	-	-	-
Treasury share reserve	(982)	n/a	-	-	-
Other reserves and retained earnings, including the profit/loss for the year	9,519	n/a	-	-	-
Total	**74,335**		**58,027**	**-**	**-**

(*) Key: A, for capital increases; B, for coverage of losses; C, for distribution to owners.

5.11 Financial Liabilities

For further details on the reclassified amounts, see the table in the note "Net financial position in accordance with the ESMA Recommendation of 20 March 2013" at the end of this section.

In thousands of Euro	31 December 2019	31 December 2018
Non-current financial liabilities		
Bank loans and borrowings	(38,914)	(52,225)
Bond issues	(58,499)	(31,556)
Derivatives with negative fair value	(240)	(193)
Liabilities for medium/long term finance leases	(9,772)	(2,525)
Total non-current financial liabilities	**(107,424)**	**(86,499)**
Current financial liabilities		
Bank loans and borrowings	(33,393)	(33,641)
Payables to factoring agents	(9,962)	(2,635)
Bank overdrafts	(386)	-
Bond issues	(3,000)	(3,000)
Amounts due to Group companies	(6,450)	(30)
Other financial liabilities	(467)	-
Liabilities for medium/long term finance leases	(2,584)	(355)
Total current financial liabilities	**(56,242)**	**(39,660)**

Payables to banks, which totalled EUR 72,693 thousand (including EUR 38,914 thousand in non-current bank loans, EUR 20,442 thousand in current bank loans and EUR 13,337 thousand in advances on bills held in portfolio), include several short and medium/long-term credit lines to service investments and the needs generated by the Company's operations.

The table below provides details of the credit lines, showing the current and non-current portion of debt:

Credit institution	Start date	Expiration date	Opening balance	Residual debt as at 31/12/2019	of the current portion	Residual debt as at 31/12/2018	of the current portion	Repayment terms	Interest rate
UniCredit	2017	2023	25,000	22,222	5,556	25,000	2,778	Instalment	Variable on Euribor 6M
BNL	2018	2021	15,000	10,000	5,000	15,000	5,000	Instalment	Variable on Euribor 3M
Intesa San Paolo	2018	2023	10,000	8,000	2,000	10,000	2,000	Instalment	Variable on Euribor 6M
Intesa San Paolo	2018	2023	10,000	7,000	2,000	9,000	2,000	Instalment	Variable on Euribor 6M
UniCredit	2015	2021	10,000	2,727	1,818	4,545	1,818	Instalment	Variable on Euribor 3M
Credito Valtellinese	2018	2019	5,000	-	-	4,287	4,287	Instalment	Fixed
Banca di Verona	2018	2019	2,000	-	-	2,000	2,000	Bullet	Fixed
Banca Popolare Alto Adige	2016	2021	2,500	1,023	508	1,523	500	Instalment	Fixed
MPS	2017	2020	2,500	417	417	1,250	768	Instalment	Variable on Euribor 6M
Mediocredito Centrale	2016	2019	3,000	-	-	750	750	Instalment	Variable on Euribor 3M
Cassa Risparmio Bolzano	2015	2020	2,000	312	312	722	409	Instalment	Variable on Euribor 3M
Cassa Rurale Rovereto	2016	2023	739	418	114	528	111	Instalment	Variable on Euribor 6M
Raiffeisen	2015	2019	2,500	-	-	326	326	Instalment	Variable on Euribor 3M
Banco Popolare Verona	2015	2019	2,500	-	-	322	322	Instalment	Variable on Euribor 3M
Banca Popolare Alto Adige	2015	2020	1,000	106	106	314	208	Instalment	Variable on Euribor 6M
Credem	2017	2019	1,000	-	-	251	251	Instalment	Variable on Euribor 12M
Credem	2017	2019	1,000	-	-	167	167	Instalment	Variable on Euribor 12M
Cassa Rurale Rovereto	2014	2019	750	-	-	160	160	Instalment	Variable on Euribor 6M
UniCredit	2014	2019	1,000	-	-	57	57	Instalment	Variable on Euribor 3M
Intesa San Paolo	2015	2018	250	-	-	42	42	Instalment	Fixed
Cassa Risparmio Bolzano	2019	2024	2,000	1,700	400	-	-	Instalment	Variable on Euribor 3M
Deutsche Bank	2019	2022	3,500	3,208	1,167	-	-	Instalment	Variable on Euribor 3M
Banca di Verona	2019	2022	2,000	1,837	659	-	-	Instalment	Variable on Euribor 3M
Total credit lines			**105,239**	**58,970**	**20,057**	**76,244**	**23,954**		

Below is an analysis of the payables to banks for loans by effective interest rate bands:

In thousands of Euro	31 December 2019		31 December 2018	
	Nominal value	Carrying amount	Nominal value	Carrying amount
Up to 1%	22,639	22,639	32,955	32,955
between 1% and 2%	33,186	33,186	37,631	37,631
between 2% and 3%	2,727	2,727	5,073	5,073
between 3% and 4%	418	418	528	528
between 4% and 5%	-	-	-	-
over 5%	-	-	57	57
Total financial liabilities	**58,970**	**58,970**	**76,244**	**76,244**

The following table summarises the bond loans issued by the Company, expressed both at nominal redemption value, net of repurchases, as well as at market value:

Security (ISIN code)	Amount	Nominal value repayment value	Coupon	Issue date	Maturity date	Issue price (%)	Market price as at 31/12/2018	Market value as at 31/12/2018
IT0005187320	15,000	15,000	4.30%	01/06/2016	31/10/2023	98.69	94.51	14,177
IT0005312886	20,000	20,000	3.00%	30/11/2017	31/12/2022	100.00	96.51	19,302

Security (ISIN code)	Amount	Nominal value repayment value	Coupon	Issue date	Maturity date	Issue price (%)	Market price as at 31/12/2019	Market value as at 31/12/2019
IT0005187320	15,000	15,000	4.30%	01/06/2016	31/10/2023	98.69	90.21	13,532
IT0005312886	20,000	20,000	3.00%	30/11/2017	31/12/2022	100.00	96.51	19,302
IT0005394371	30,000	30,000	3.50%	20/12/2019	20/12/2025	100.00	100.00	30,000

At the date of the financial statements, the characteristics of loans are as follows:

- The 2016-2023 Loan (third mini-bond issued by GPI), listed on ExtraMOT-Professional Segment, issued in June 2016. The 2016-2023 Loan, called "GPI Fixed Rate (4.3%) 2016 - 2023" was EUR 15,000 thousand in nominal value and it was fully subscribed and paid in 2016. Depending on the value of the NFP/EBITDA financial covenant, confirmed at each calculation date in accordance with the regulation itself, the initial interest rate (4.3%) of the 2016-2023 Bonds may be increased by up to 1.50 percentage points (5.8%) or decreased by 0.30 percentage points (4.0%). Interest payments (so-called coupon detachment) take place on a six-monthly basis, in arrears. The 2016 -2023 Loan was issued at par as from 1 June 2016 and rights to dividends started as of the same date. The maturity of the 2016-2023 Bonds was fixed as at 31 October 2023; the reimbursement will take place at par and, therefore, at 100% of the nominal value;
- The 2017-2022 Loan (fourth mini-bond issued by GPI), listed on ExtraMOT-Professional Segment, issued in November 2017. The 2017-2022 Loan, called "GPI S.P.A. - 3% 2017 - 2022", has a nominal value of EUR 20,000 thousand and was fully subscribed and paid in 2017. The 2017-2022 Bonds bear interest at a fixed annual gross nominal rate of 3%. Interest payments (so-called coupon detachment) take place on a six-monthly basis, in arrears. The 2017 -2022 Loan was issued at par as from 30 November 2017 and rights to dividends started as of the same date. The maturity of the 2017-2022 Bonds was fixed as at 31 December 2022; the reimbursement will take place at par and, therefore, at 100% of the nominal value;
- The 2019-2025 Loan, listed on ExtraMOT-Professional Segment, issued in December 2019. The 2019-2025 Loan, called "GPI S.P.A. - 3.5% 2019 - 2025", has a nominal value of EUR 30,000 thousand and was fully subscribed and paid in 2019. The 2019-2025 Bonds bear interest at a fixed annual gross nominal rate of 3.5%. Interest payments (so-called coupon detachment) take place on a six-monthly basis, in arrears. The 2019 -2025 Loan was issued at par as from 20 December 2019 and rights to dividends started as of the same date. The maturity of the 2019-2025 Bonds was fixed as at 20 December 2025; the reimbursement will take place at par and, therefore, at 100% of the nominal value;

The regulations and the prospectuses relating to the GPI bond issues are available on the following website: www.GPI.it.

It should be noted that some of the loans indicated above contain cross default, cross acceleration, change of control, pari passu and/or negative pledge clauses.

It is hereby noted that all contractual commitments, which include financial covenants at the date of these financial statements, calculated on the basis of the consolidated financial statements of the GPI Group, have been fulfilled.

Counterparty	Start date	Expiration date	*Financial* covenants as at the date of the financial statements (1)	Original amount	Residual debt as at 31 December 2019	Residual debt as at 31 December 2018
2016-2023 Bonds	01.06.2016	31.10.2023	NFP/NE<2.50	15,000	12,000	15,000
2017-2022 Bonds	30.11.2017	31.12.2022	NFP/NE<2.50 NFP/EBITDA<3.50	20,000	20,000	20,000
2019-2025 Bonds	20.12.2019	20.12.2025	NFP/NE<2.50 NFP/EBITDA<3.50	30,000	30,000	---
BNL	21.12.2018	21.12.2021	NFP/NE<= 2.50 NFP/EBITDA<= 3.50	15,000	10,000	15,000
Intesa San Paolo	31.10.2018	31.10.2023	NFP/NE<= 1.75 NFP/Gross Operating Margin <=3.25	10,000	8,000	10,000
Intesa San Paolo	31.05.2018	31.05.2023	NFP/NE<= 1.75 NFP/Gross Operating Margin <=3.25	10,000	7,000	9,000
Cassa Risparmio Bolzano	03.12.2015	30.09.2020	NFP/NE<= 2.50 NFP/Gross Operating Margin < =3.50	2,000	312	722
Cassa Risparmio Bolzano	15.04.2019	15.04.2024	NFP/NE<= 2.50 NFP/Gross Operating Margin < =3.50	2,000	1,700	---
UniCredit	27.01.2014	30.01.2019	NE > = 7 mln	1,000	-	57
Unicredit (*)	26.06.2015	30.06.2021	NFP/NE<= 1.75 NFP/Gross Operating Margin <=3.25	10,000	2,727	4,545
Unicredit (*)	29.09.2017	30.09.2023	NFP/NE<= 1.75 NFP/Gross Operating Margin <=3.25	25,000	22,222	25,000
Total				**140,000**	**115,461**	**99,324**

1) To be calculated according to the definitions provided in the individual contracts, with reference to the values of the consolidated economic and financial situation.
(*) The Group has also undertaken not to take on financial indebtedness resulting from deferred payment clauses for the price of an asset, for a total maximum amount exceeding EUR 30 million, for the entire duration of the Loan.
Key:
NFP: Net Financial Position
NE: Shareholders' equity
EBITDA/Gross Operating Margin: Gross Operating Margin

The maturities of the payables to banks and bond loans in terms of nominal value of the expected outlay, as contractually defined, are described below.

In thousands of Euro	Bank loans and borrowings	Bond loans	Total
Within 12 months	20,056	3,000	23,056
Between one and five years	38,914	49,000	87,914
Beyond five years	-	10,000	10,000
Total	**58,970**	**62,000**	**120,970**

Payables to Group companies refer to short-term interest-bearing loans granted in 2019 by the subsidiaries BIM Italia S.r.l. (EUR 3 million), Lombardia Contact S.r.l. (EUR 1.5 million), Hemasoft (EUR 1 million) and GBIM S.r.l. (EUR 950 thousand, of which EUR 30 million already present as at 31 December 2018).

The liabilities for financial leases refer to leases of property, plant and equipment recorded in the accounts using the financial method. The increase of EUR 9,476 thousand is attributable to the first-time adoption of IFRS 16, which includes EUR 7,545 thousand of non-current liabilities and EUR 2,284 thousand of current liabilities. See also Note 3 and the Report on Operations.

Payables of EUR 7,327 thousand due to factors pertain to advances on assignments of receivables, on account of the larger assignments during the year when compared with 2018.

The hedging derivatives relating to elements classified under financial liabilities are as follows:

In thousands of Euro	Hedged risk	31.12.2019		31.12.2018	
		Positive / (Negative) fair value	Notional benchmark	Positive / (Negative) fair value	Notional benchmark
Cash flow hedge derivatives					
Interest Rate Swap 2016 - 2028	Interest rate	(35)	1,128	(9)	1,228
Interest Rate Swap 2015 - 2021	Interest rate	(17)	2,727	(38)	4,545
Interest Rate Swap 2017 - 2023	Interest rate	(156)	11,111	(145)	12,500
Interest Rate Swap 2019 - 2023	Interest rate	10	7,000	-	-
Interest Rate Swap 2019 - 2023	Interest rate	13	8,000	-	-
		(185)	**29,966**	**(193)**	**18,273**

The interest rate risk hedging transactions are classified as cash flow hedge transactions in accordance with IFRS 9. The carrying amount of the hedging transactions falls under level 2 of the *fair value hierarchy*.

Please see section 8.1 for the description of the company's exposure to liquidity risk.

Net financial position in accordance with the ESMA Recommendation dated 20 March 2013

In this section we show the amount of the net financial position as required by Consob Communication DEM/6064293 dated 28 July 2006 which refers to the Recommendation of the European Securities and Markets Authority - ESMA dated 20 March 2013 (which does not envisage the deduction of the financial indebtedness of the non-current financial assets).

The following table shows the amount of the net financial position as at 31 December 2019 compared with 31 December 2018, with the amounts covered by guarantees indicated. For further details on the guarantees, see section 8.2.

In thousands of Euro	31 December 2019	under guarantee	31 December 2018	under guarantee
Cash and cash equivalents (A)	44,178		28,071	
Current financial assets (B)	25,149		24,041	
Current account overdrafts	(13,723)		-	
Current portion of medium/long-term financial liabilities	(26,506)	(909)	(24,020)	(3,031)
Bond issues	(3,000)		(3,000)	
Other financial payables	(13,013)	-	(12,641)	(237)
Current financial liabilities (C)	**(56,242)**	**(909)**	**(39,661)**	**(3,268)**
Current net financial position (D = A + B + C)	13,085	(909)	12,451	(3,268)
Bond issues	(58,499)		(31,556)	
Medium/long-term loans	(38,914)	(1,818)	(52,418)	(10,749)
Other non-current financial payables	(9,980)		(2,525)	
Non-current financial liabilities (E)	**(107,393)**	**(1,818)**	**(86,499)**	**(10,749)**
Net financial position as per ESMA Recommendation (F = D + E)	**(94,308)**	**(2,727)**	**(74,048)**	**(14,017)**
Non-current financial assets (G)	2,207		3,125	
Payables for acquisition of investments (G)	(5,918)		(6,544)	
Fair value of call/put contracts for the purchase of equity investments (G)	6,403			
Net financial position, including non-current financial assets and payables for the purchase of equity investments (H = F + G)	**(91,615)**	**(2,727)**	**(77,467)**	**(14,017)**

It should be noted that the Company holds a number of agreements for the acquisition of minority interests in Bim Italia S.r.l., Xidera S.r.l. and Hemasoft, which, under international accounting standards, qualify as derivatives; these derivatives have been valued with a *fair value* of EUR 6,403 thousand at the date of these financial statements.

The real impact of the new coronavirus known as Covid-19 on the main macroeconomic variables (e.g., employment, interest rates, government incentives, etc.), at the date of preparation of this Financial Report, cannot be predicted with a sufficient degree of reliability. Given the rapid evolution of the situation and contagion and the uncertainty regarding the extent of the economic and social effects of the Corona virus Covid-19, neither its duration nor its extent can be reliably determined and therefore it is not possible to reliably assess what the real impact on the Company's cash flows may be. It is hereby noted that the Covid-19 health emergency has made the protection of the people working within GPI and the partners with whom we cooperate a priority for GPI. The Company's mission has always involved healthcare, and in a context like the present one the Company cannot but proceed with even more commitment and devotion in carrying out its role as the main player in the supply chain of Italy and beyond. Our expertise, technologies and software have already been deployed for the management of many critical aspects of the Covid-19: from the use of nasopharyngeal swabs, to patient guidance within healthcare facilities, to access management in pharmacies, supermarkets and sample collection centres, avoiding crowds and waiting. With regard to the above and the specific sector in which the Company operates, it is believed that a number of opportunities may be seized, which it is hoped will have a positive impact on the Company's economic-financial-equity situation.

5.12 Provisions for employee benefits

As at 31 December 2019, provisions for employee benefits came to EUR 4,717 thousand, down by EUR 182 thousand when compared with 2018 (EUR 4,899 thousand). Movements are mainly attributable to the amount of the disbursements made during the year.

In thousands of Euro	31 December 2019	31 December 2018
Post-employment benefits	(4,717)	(4,899)
Total liabilities for employee benefits	**(4,717)**	**(4,899)**
Non-current	(4,071)	(4,371)
Current	(646)	(528)
Total liabilities for employee benefits	**(4,717)**	**(4,899)**

The following table shows the change in the net assets and liabilities for defined benefits, drawn up on the basis of the actuarial report.

In thousands of Euro	31 December 2019	31 December 2018
Balance as at 1 January	**4,899**	**2,056**
Included in the profit/(loss) for the year		
Cost relating to current work services	-	-
Gain relating to past work services	-	(30)
Financial (income)/expense	73	44
	4,972	**2,070**
Included under other comprehensive income (expense)		
Actuarial loss/(gain) from:		
- demographic hypotheses	(5)	-
- financial assumptions	241	(119)
- adjustments based on past experience	(52)	194
Effect of changes in the exchange rates	-	-
	184	**75**
Other		
Contributions paid by the employer	-	-
Incoming / (outgoing) transfers	-	3,106
Benefits disbursed	(439)	(352)
	(439)	**2,754**
Balance as at 31 December	**4,717**	**4,899**

Based on national law, post-employment benefits accrue in relation to the service provided and are disbursed at the time that the employee leaves the company.

The benefits due upon the termination of the employment relationship of each employee are calculated on the basis of the duration and the taxable remuneration. The liability is revalued annually in relation to the official cost-of-living and the statutory interest indices. It is not associated with any accrual period or condition, nor any financial funding obligation. Therefore, there are no assets serving the fund.

The regulations were subsequently supplemented by Italian Legislative Decree No. 252/2005 and by Italian Law No. 296/2006 which, for companies with at least 50 employees, established that the portions accrued as from 2007 are destined, as per the option of the employees, either to the INPS Treasury Fund or the forms of supplementary welfare, assuming the nature of Defined contribution plans.

In any case, revaluations of the amounts outstanding at the option dates remain in the accounts as employee severance indemnities for all companies. In accordance with IAS 19, this provision is recognised as a Defined benefit plan.

The following table describes the financial and demographic hypotheses adopted in the calculation of the liability in accordance with IAS 19.

FINANCIAL ASSUMPTIONS	31 December 2019	31 December 2018
Annual discount rate	1.57%	1.57%
Annual inflation rate	1.20%	1.50%
Annual post-employment benefits increase rate	2.40%	2.63%
Annual salary increase rate	1.00%	1.00%
Annual turnover rate	5.00%	5.00%
Duration	9.37	9.5

As required by IAS 19, additional information is provided regarding the sensitivity analysis for each relevant actuarial assumption at the end of the financial year, showing the effects that would have resulted from changes in the actuarial assumptions reasonably possible at that date, in absolute terms, as well as the disbursements envisaged by the plan (amounts in thousands of Euro):

SENSITIVITY ANALYSIS OF THE MAIN VALUATION PARAMETERS (IN THOUSANDS OF EURO)	31 December 2019
Turnover rate + 1%	4,681
Turnover rate - 1%	4,757
Inflation rate + 0.25%	4,781
Inflation rate - 0.25%	4,653
Discount rate + 0.25%	4,616
Discount rate - 0.25%	4,822

ESTIMATED FUTURE DISBURSEMENTS	31 December 2019
Years	Amount
1	646
2	523
3	224
4	214
5	221

5.13 Provisions for risks and charges

In thousands of Euro	31 December 2019	31 December 2018
Provisions for tax risks	(10)	(469)
Other provisions for risks and charges	(361)	(170)
Total provisions for risks and charges	**(371)**	**(639)**
Non-current	(170)	(170)
Current	(201)	(469)
Total provisions for risks and charges	**(371)**	**(639)**

Provisions for risks and charges amount to EUR 371 thousand, down EUR 268 thousand with respect to 2018 (EUR 639 thousand). The movement of the provisions is shown below.

- a decrease in the provision for tax risks for EUR 459 thousand connected to an almost total use of the residual fund allocated in 2017, following the submission of a request for the facilitated settlement of pending tax disputes in accordance with the provisions of Articles 6 and 7, paragraph 2, letter B) and paragraph 3, of the Decree Law No. 119 of 23/10/2018, converted with amendments by Law No. 136 of 17/12/2018. The remaining EUR 10 thousand pertains to the allocation that is still in place for a portion of said dispute;
- an increase in the provision for risks and charges of EUR 192 thousand set aside to meet legal and contractual obligations that are expected to require the use of economic resources in subsequent years.

5.14 Other non-current liabilities

In thousands of Euro	31 December 2019	31 December 2018
Other payables	-	39
Payables for acquisition of investments	2,782	5,849
Total other non-current liabilities	**2,782**	**5,888**

The other non-current liabilities are EUR 2,782 thousand, down EUR 3,106 thousand compared with 2018 (EUR 5,888 thousand) and pertain in their entirety to the residual debt for the purchase of equity investments. The reduction refers to the reclassification of payables relating to the Xidera S.r.l. and BIM Italia S.r.l. acquisitions from non-current liabilities to current liabilities (see also the comment in Note 5.15 below), as well as the reduction of EUR 500 thousand in payables for the purchase of Hemasoft using the time deposit (*escrow*) (see also commentary on Note 5.4). There was an increase of EUR 131 thousand in relation to the acquisition of the stake in the newly acquired Guyot Walser (see also Note 4 - Main acquisitions and corporate and extraordinary transactions during the year).

5.15 Trade and other payables

Trade and other payables amount to EUR 61,803 thousand, up EUR 16,698 thousand with respect to 2018 (EUR 45,105 thousand).

In thousands of Euro	31 December 2019	31 December 2018
Trade payables	29,629	25,143
Amounts due to Group companies	5,456	3,232
Payables for acquisition of investments	2,910	695
Payables for employees	15,008	12,907
Payables for indirect taxes	3,207	583
Other payables	5,594	2,545
Total Trade and other payables	**61,803**	**45,105**
Non-current	-	-
Current	61,803	45,105
Total Trade and other payables	**61,803**	**45,105**

Trade and other current payables as at 31 December 2019 were made up as follows:

- Trade payables to third parties amounting to EUR 29,629 thousand (of which EUR 7,002 thousand refer to invoices and credit notes to be received, down EUR 1,299 thousand on the previous year), up by EUR 4,486.
- Payables to Group companies, amounting to EUR 5,456 thousand (of which EUR 1,103 thousand refer to invoices to be received);
- Payables for the purchase of equity investments of EUR 2,910 thousand, pursuant to the following movements:
  - Xidera: decreased due to the payment of the instalments falling due during the year and increased with reference to the short-term reclassification of the debt (see also the comment to the previous Note 5.14), affected by a decrease for adjustment to the *fair value*;
  - BIM Italy: increased due to the short-term reclassification of the debt previously classified under "Other non-current liabilities" (see also the comment in Note 5.14 above);
  - Hemasoft: increased due to the fair value adjustment and subsequent reduction of EUR 500 thousand with use of the time deposit (*escrow*) (see also commentary in Note 5.4).
- Payables for employees of EUR 15,008 thousand that show an increase of EUR 2,101 thousand and include payables to employees of EUR 8,739 thousand and payables to social security and welfare institutions of EUR 6,269 thousand. The increase is mainly attributable to an increase in the average workforce;
- Payables for indirect taxes and payments due as withholding agent amounting to EUR 3,207 thousand, up EUR 2,624 thousand on 2018 (EUR 583 thousand) due to the increase in the average workforce;
- Other current payables, amounting to EUR 5,594 thousand, increased by approximately EUR 3,049 thousand; this item mainly includes non-financial accrued expenses and deferred income (EUR 2,262 thousand), advances received from customers (EUR 1,999 thousand), payables to guarantors (EUR 552 thousand), payables to contract partners (EUR 369 thousand) and other current payables (EUR 412 thousand).

The table below refers to trade payables, with a division of the portion due and overdue and for the latter, the interval of days elapsed from the original due date:

In thousands of Euro	Total debt	Falling due	Past due	1-90	91-180	181-360	Over 360
Trade payables to third parties	29,629	17,144	12,485	6,946	2,535	1,362	1,641
Trade payable to Group companies	5,187	1,670	3,517	1,365	845	555	753
Total trade payables	**34,816**	**18,813**	**16,002**	**8,311**	**3,380**	**1,917**	**2,394**
Payables as a percentage of total	***100.00%***	***54.04%***	***45.96%***	***23.87%***	***9.71%***	***5.51%***	***6.88%***

6. Financial instruments

The carrying amount of financial assets and liabilities at 31 December 2019 and 31 December 2018 compared with their *fair value*, including the related fair value hierarchy, level is shown below:

31 December 2019 In thousands of Euro	*Note*	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Other equity investments and financial instruments	*5.4*	703	4	-	699	703
Amounts due from factoring agents	*5.4*	18,660	-	-	18,660	18,660
Active derivatives	*5.4*	6,622	-	-	6,622	6,622
		25,985	**4**	**-**	**25,981**	**25,985**
Financial liabilities not measured at fair value						
Other financial assets	*5.4*	7,805	-	-	7,805	7,805
		7,805	**-**	**-**	**7,805**	**7,805**
Financial assets measured at fair value						
Interest rate swap hedge	*5.11*	(240)	-	(240)	-	(240)
		(240)	**-**	**(240)**	**-**	**(240)**
Financial liabilities not measured at fair value						
Payables for acquisition of investments	*5.14*	(2,782)	-	-	(2,782)	(2,782)
Bank loans	*5.11*	(72,693)	-	-	(72,693)	(72,693)
Lease liabilities	*5.11*	(12,356)	-	-	(12,356)	(12,356)
Bond loan	*5.11*	(61,499)	(62,834)	-	-	(62,834)
Other financial liabilities	*5.11*	(16,878)	-	-	(16,878)	(16,878)
		(166,208)	**(62,834)**	**-**	**(104,709)**	**(167,543)**

31 December 2018 In thousands of Euro	*Note*	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Other equity investments and financial instruments	*5.4*	3,673	2,901	-	772	3,673
Amounts due from factoring agents	*5.4*	14,561	-	-	14,561	14,561
Active derivatives	*5.4*	166	-	-	166	166
		18,400	**2,901**	**-**	**15,499**	**18,400**
Financial assets not measured at fair value						
Other financial assets	*5.4*	8,765	-	-	8,765	8,765
		8,765	**-**	**-**	**8,765**	**8,765**
Financial liabilities measured at fair value						
Interest rate swap hedge	*5.11*	(193)	-	(193)	-	(193)
		(193)	**-**	**(193)**	**-**	**(193)**
Financial liabilities not measured at fair value						
Payables for acquisition of investments	*5.14*	(5,849)	-	-	(5,849)	(5,849)
Bank loans	*5.11*	(85,867)	-	-	(85,867)	(85,867)
Lease liabilities	*5.11*	(2,879)	-	-	(2,879)	(2,879)
Bond loan	*5.11*	(34,556)	(33,479)	-	-	(33,479)
Other financial liabilities	*5.11*	(2,635)	-	-	(2,635)	(2,635)
		(131,786)	**(33,479)**	**-**	**(97,230)**	**(130,709)**

7. Information on the income statement items

The main balances of the income statement are analysed as follows. For the breakdown of the balances of the items of the income statement deriving from related party transactions, please refer to Note 10.7 Related party transactions.

7.1 Revenue and other income

Revenue

GPI monitors the trend of revenues and costs by Strategic Business Area ("SBA"). The main SBAs are:

- *Software*, which includes all the software solutions and related services (corrective, adaptive, preventive and developmental maintenance) for the management of the administrative-accounting processes and the care processes for public and private healthcare structures and, on a more general note, those of the public administration authorities.
- *Care*, which includes auxiliary services of an administrative nature (such as reservation/cancellation of health care services, contact centres, administrative acceptance/departure services, administrative secretarial services, cultural intermediation for foreign citizens and further administrative services of business process outsourcing). It also includes services provided by outpatient clinics using the "Policura" brand, telemedicine services and 3D prosthetics;
- *Automation*, which includes integrated technological solutions (hardware and software infrastructure) for the management of the pharmaceutical supply chain;
- *ICT*, which represents a diversified set of products and services including (i) desktop management services, i.e. user workstation support and maintenance services for hardware and software components (ii) system support services such as data centre administration in the various components, networking consulting services and database.

In accordance with IFRS 8, the tables below provide information on the operating segments.

2019 In thousands of Euro	Software	Care	Other operating segments	Total
Revenue and other income	**70,611**	**82,278**	**21,900**	**174,789**
Raw materials and consumables	(2,351)	(633)	(6,297)	(9,280)
General expenses	(17,939)	(25,700)	(4,094)	(47,733)
Personnel expenses	(36,110)	(49,877)	(10,177)	(96,163)
Amortisation, depreciation and write-downs	(5,578)	(2,262)	(422)	(8,262)
Other provisions	(421)	(429)	(90)	(940)
EBIT	**8,213**	**3,378**	**820**	**12,411**

2018 In thousands of Euro	Software	Care	Other operating segments	Total
Revenue and other income	**43,786**	**52,911**	**19,094**	**115,792**
Raw materials and consumables	(1,455)	(565)	(4,192)	(6,212)
General expenses	(11,787)	(15,637)	(4,025)	(31,450)
Personnel expenses	(21,170)	(35,428)	(10,087)	(66,685)
Amortisation, depreciation and write-downs	(3,514)	(784)	(221)	(4,519)
Other provisions	30	(47)	(15)	(32)
Pre-tax profit of the segments	**5,889**	**449**	**555**	**6,894**

Revenues and other income increased by EUR 59 million (+51% compared with 2018), due to the good performance in the domestic market of the Software and ICT sectors and the regional contracts that were awarded, particularly in the Care sector, enabling an integrated and synergistic development of the technological component that also allows other SBAs to grow.

Geographically, the increase in terms of absolute values is mainly recorded on revenues in Italy. The following table shows the breakdown of revenues by area:

In thousands of Euro	2019	2019%
Italy	169,546	*97.00%*
Abroad	5,243	*3.00%*
Total revenues	***174,789***	***100.00%***

Foreign trade accounts for 3%. The main relations are grouped as follows:

- 21% pertains to distribution relations with foreign companies that belong to the Group,
- 36% pertains to ongoing ITTs in Malta,
- 16% pertains to sales concluded with Chinese customers.

Other income

Other income amounts to EUR 5,850 thousand and reported an increase of EUR 2,932 thousand compared with 2018 (EUR 2,918 thousand).

In thousands of Euro	2019	2018
Revenue from sales and services	**168,939**	**112,874**
Other income:		
Recharged to Group companies	2,654	2,207
Grants related to income	190	105
Other	3,006	606
Total revenue and other income	**174,789**	**115,792**

The increases in amounts recharged to Group companies are due to the additional administrative and logistics costs incurred by GPI in relation to the increase in the volumes of certain subsidiaries and the expansion of the scope of the Group.

The remainder of other income, up by EUR 2,485 thousand compared with 2018, is attributable to reimbursements of expenses incurred by the Company charged to customers and the sale of ancillary services.

7.2 Raw materials and consumables

Raw materials and consumables came to EUR 9,280 thousand, up EUR 3,068 thousand when compared with 2018 (EUR 6,212 thousand). This item includes costs for the purchase of materials amounting to EUR 9,854 thousand and the decrease in inventories of EUR 574 thousand.

In thousands of Euro	2019	2018
Cost for consumables	9,854	6,207
Change in inventories of goods	-1,189	514
Change in inventories of finished products	615	-509
Total cost for materials	**9,280**	**6,212**

7.3 Service costs

Service costs amount to EUR 45,837 thousand and reported an increase of 52 % with respect to 2018 (EUR 30,091 thousand).

In thousands of Euro	2019	2018
Outsourced services	29,007	15,113
Consulting	7,410	7,263
Leases and potential lease instalments	1,986	2,088
Business travel and trips	2,510	1,936
Utilities	1,267	959
Maintenance	79	56
Other	3,577	2,675
Total service costs	**45,837**	**30,091**

The item includes:

- outsourced services, which have increased by EUR 13,894 thousand. This increase is entirely attributable to the rise in the value of the purchases in relation to the greater number of contracts entered into with customers;
- consulting services that mainly refer to administrative and commercial consulting, substantially in line with the value recorded in 2018 (an increase of EUR 147 thousand);
- employee travel and travel expenses, which increased by EUR 574 thousand, in relation to the increase in the Company's workforce;
- the cost for utilities increased by EUR 308 thousand, in relation to the increase of the Company's offices;
- other service costs, up on the previous year in line with the increase in the Company's business, primarily due to other staff costs, such as canteen service and training courses (EUR 970 thousand), costs for banking services (EUR 339 thousand), costs for sureties (EUR 371 thousand), costs for collaborators and casual labour (EUR 294 thousand), costs for postal and logistics services (EUR 279 thousand), costs for office management (EUR 261 thousand), as well as costs for compensation to corporate bodies (see Note 8.6).

7.4 Personnel expenses

Personnel expenses came to EUR 96,163 thousand, up EUR 29,478 thousand (44 %) when compared with 2018 (EUR 66,685 thousand).

In thousands of Euro	2019	2018
Wages and salaries	68,501	47,648
Social security charges	21,689	14,887
Post-employment benefits (TFR)	5,413	3,837
Other personnel expenses	561	313
Total personnel expenses	**96,163**	**66,685**

The increase reflects the upturn in the average workforce following the start of new projects compared with 2018, in particular the award of the "Regione Lazio" tender to the Care SBA, which led the Company to acquire over 800 employees.

For details of the workforce and breakdown by classification, see note 8.7 Employment Data

7.5 Amortisation, depreciation and impairment losses

The value of amortisation, depreciation and impairment of fixed assets totals EUR 8,262 thousand and includes amortisation of intangible assets of EUR 5,075 thousand (up by EUR 2,176 thousand compared with 2018 due to the start of the amortisation of R&D projects completed during the year and the higher portions relating to 2018 merger deficits), depreciation of property, plant and equipment of EUR 2,959 thousand (up by EUR 1,578 thousand compared with 2018, entirely due to the first-time application of IFRS 16 - see also comments in Note 3 New accounting standards) and amortisation of contractual costs of EUR 228 thousand.

In thousands of Euro	2019	2018
Amortisation of intangible assets	5,075	2,899
Depreciation of property, plant and equipment	2,959	1,381
Amortisation of contract costs	228	239
Total Amortisation, depreciation and write downs	**8,262**	**4,519**

The amortisation of intangible assets and depreciation of property, plant and equipment were carried out in 2019 on the basis of the percentages indicated in Note 3 Accounting standards and policies applied.

7.6 Other provisions

This item consists of provisions, excluding those for employee benefits (classified under personnel costs), set aside by the Company to meet legal and contractual obligations that are expected to require the use of economic resources in subsequent years.

In thousands of Euro	2019	2018
Insurance	192	0
Other operating costs	749	32
Advertising and promotional expenses	0	0
Operational interest	0	0
Total Other operating costs	**940**	**32**

The net change in provisions for doubtful accounts is EUR 940 thousand), which breaks down as follows:

- provision of EUR 192 thousand for risks related to litigation;
- provision of EUR 749 thousand for doubtful debts.

7.7 Other operating costs

Other operating costs totalled EUR 1,896 thousand , increasing by EUR 538 thousand compared with 2018 (EUR 1,358 thousand).

In thousands of Euro	2019	2018
Insurance	314	288
Other operating costs	908	279
Other tax costs	282	268
Advertising and promotional expenses	7	11
Operational interest	385	513
Total Other operating costs	**1,896**	**1,358**

The change is mainly due to higher general expenses incurred for the start-up of new offices as well as higher costs incurred in relation to participation in tenders and conclusion of activities started in the previous year.

7.8 Net financial income

The net financial income amounted to EUR 3,130 thousand. The net balance is therefore up EUR 4,084 thousand compared with 2018 (net financial expenses at EUR 954 thousand).

In thousands of Euro	2019	2018
Income		
– Loans, receivables and bank current accounts	468	429
- Gain from fair value measurement of financial assets and liabilities	5,867	1,863
- Dividends	1	-
- Other	150	-
Total financial income	**6,486**	**2,291**
Expenses		
– Loans, receivables and bank current accounts	(1,470)	(1,097)
– Loss on the fair value measurement of financial assets and liabilities	(217)	(725)
- Interest payable on bonds	(1,386)	(1,422)
- Other	(280)	-
– Net exchange rate losses	(3)	(1)
Total financial expenses	**(3,356)**	**(3,245)**
Net financial expense recognised under profit/(loss) for the year	**3,130**	**(954)**

Net financial expense was EUR 3,130 thousand, compared with the negative balance of 2018 (EUR 954 thousand). "Other" financial expenses refer entirely to the application of IFRS 16 (see Note 3 New accounting standards), while the net decrease in this item is mainly attributable to the income from the fair value measurement of financial assets, linked to the valuation of the call-put options in place for the purchase of the remaining minority interests in companies over which the Company already has control (Xidera S.r.l. – BIM Italia S.r.l. – Hemasoft Group) at a fixed price (see Note 5.4 Financial Assets).

7.9 Share of profit of equity-accounted investments, net of tax effects

The share of (profit) / loss of equity-accounted investees came to EUR 738 thousand (EUR 4,530 thousand in 2018). For details of the accounts relating to subsidiaries and associates see Note 5.3.

7.10 Income taxes

Total income taxes came to EUR 2,453 thousand, down by EUR 281 thousand. This figure is essentially in line with the value as at 31 December 2018 (EUR 2,734 thousand).

In thousands of Euro	2019	2018
Current taxes		
IRES	2,876	1,792
IRAP	434	477
Release of provision for tax risks		(316)
Total current taxes	**3,310**	**1,953**
Deferred taxes		
IRES	(582)	889
IRAP	(276)	(108)
Total deferred taxes	**(857)**	**782**
Tax expense deriving from operations in the year	**2,453**	**2,734**

The balance breaks down as follows:
- an increase of EUR 1,084 thousand in current IRES (corporate income tax), proportional to the increase in the result for the year;
- a decrease of EUR 1,639 thousand in deferred tax assets, given the higher value of deferred tax assets, but above all the reabsorption of deferred tax liabilities on merger deficits recognised on extraordinary transactions 2018 (see also the comments in Note 5.5 Deferred tax assets and liabilities).

8. Other information

8.1 Financial risk management

Objectives and policies for handling the financial risks.
During the ordinary performance of its operating activities, GPI is exposed to:
- market risk, mainly changes in the interest rates associated with the financial assets disbursed and the financial liabilities undertaken;
- liquidity risk, with reference to the availability of financial resources suitable for covering its operating activities and the settlement of the liabilities undertaken;
- credit risk, associated with both the normal trade transactions, and the possibility of default of a financial counterparty.

The strategy of the Company for the management of the financial risks is compliant and consistent with the business objectives defined by GPI's Board of Directors.

Market risk
The strategy followed for this type of risk aims to mitigate interest and currency risks and optimise the cost of the debt.

The management of these risks is carried out in observance of the principles of prudence and on a consistent basis with the best market practices. The main objectives indicated by the policy are as follows:

- to continue protecting the long-term plan from the effects caused by exposure to the risk of changes in the exchange and interest rates, identifying the optimum combination between fixed rate and floating rate;
- to pursue a potential reduction in the cost of debt;
- to handle the transactions concerning financial derivatives, taking into account the economic and equity impacts which the same may also have in relation to their classification and representation in the accounts.

As at 31 December 2019, the GPI had cash flow hedging transactions underway, classified in accordance with IAS 9 as cash flow hedges, on the exposure to medium/long-term loans. For the *fair value* valuation of financial derivatives, please refer to Note 5.11 Financial liabilities.

The Company is not subject to significant impacts deriving from a change in the interest rates to the extent of 0.35% (35 bps), as far as floating rate loans are concerned.

Liquidity risk

The liquidity risk represents the risk that the available financial resources may be insufficient for covering the bonds maturing. The Company believes that it has access to sources of finance sufficient for satisfying the planned financial requirements, having taken into account the cash and cash equivalents, its ability to generate cash flows, the ability to track down sources of finance on the bond market and the availability of credit facilities from banks.

The distribution by maturity of the financial liabilities outstanding as at 31 December 2019 is shown in Note 5.11 Financial liabilities.

As at 31 December 2019, GPI had a reserve of liquidity estimated at around EUR 47.2 million, made up of:

- EUR 44.2 million attributable to cash and cash equivalents and/or invested for a period not exceeding the short-term;
- EUR 3 million attributable to credit facilities granted but not used.

Credit risk

GPI handles the credit risk essentially using counterparties with a high credit standing and does not have significant concentrations of credit risk.

Also the credit risk originated by open positions on transactions involving financial derivatives can be considered to be of a marginal entity since the counterparties used are leading lending institutions.

The credit positions, if significant individually, in relation to which an objective condition of partial or total uncollectability is revealed, are subject to individual write-down. The amount of the write-down takes into account an estimate of the recoverable flows and the related date of collection, the expense and the charges for future recovery, as well as the value of the guarantees and the deposits received from customers. Provisions on a collective basis have been provided for receivables which are not subject to analytical impairment, having taken into account the provisions of IFRS 9. For a breakdown of the allowance for impairment relating to trade receivables, please refer to Note 5.7 Net trade assets.

8.2 Guarantees

As at 31 December 2019, GPI had guarantees with regard to liabilities contracted by third parties.

In thousands of Euro	Guaranteed commitment	Guaranteed counterparty	Amount
Pledge of Lombardia Contact S.r.l. shares	Mortgage	Credit institution	2,000
Total guarantees			**2,000**

8.3 Contingent liabilities

The Company has analysed the contracts being executed as of the reporting date and has not noted the existence of significant contingent liabilities other than those indicated in Note 5.13.

8.4 Transactions with Group companies and related parties

The nature and the balances of the transactions entered into by GPI with the GPI Group companies as at 31 December 2019 are illustrated below:

In thousands of Euro	Assets				Liabilities		
	Trade receivables (*)	Other receivables	Assets (financial)	Non-current assets	Trade payables	Other payables	Liabilities (financial)
ACCURA S.r.l.	12	-	290	-	(9)	-	-
ARGENTEA S.r.l.	669	155	1,020	-	(330)	-	-
BIM ITALIA S.r.l.	31	-	-	-	(1)	-	(3,000)
BUSINESS PROCESS ENGINEERING S.r.l.	9	6	123	-	(12)	-	-
CONSORZIO STABILE CENTO ORIZZONTI S.c.a.r.l.	2,010	27	-	-	(5)	-	-
DO.MI.NO. S.r.l.	84	-	-	-	-	-	-
GBIM S.r.l.	1,367	-	-	-	(2)	-	(950)
GPI CHILE S.p.A.	2	-	56	-	-	-	-
HEALTHECH S.r.l.	-	-	-	-	-	(225)	-
HEMASOFT SOFTWARE S.L.	-	2	-	-	(578)	-	(1,000)
INFORMATICA GROUP LLC	1	-	20	-	-	-	-
LOMBARDIA CONTACT S.r.l.	1,121	693	-	355	(1,393)	-	(1,860)
PROFESSIONAL CLINICAL Gmbh	1,195	2	-	-	(707)	(26)	-
PEOPLENAV S.r.l.	-	60	30	-	-	-	-
RIEDL Gmbh	1,350	1	1,320	-	(1,812)	-	-
SINTAC S.r.l.	232	-	833	-	-	(18)	-
XIDERA S.r.l.	121	-	-	11	(338)	-	-
Total	**8,204**	**946**	**3,692**	**366**	**(5,187)**	**(269)**	**(6,810)**

(*) Trade receivables include the value of assets arising from contracts with clients.

In thousands of Euro	Revenue			Costs			
	Revenues from sales	Other revenues	Financial income	Operating costs (products)	Costs costs (services)	Amort.	Financial expense
ACCURA S.r.l.	1	2	8	-	(41)	-	-
ARGENTEA S.r.l.	88	478	109	(42)	(222)	-	-
BIM ITALIA S.r.l.	17	28	-	(44)	(1)	-	(13)
BUSINESS PROCESS ENGINEERING S.r.l.	-	4	-	-	(93)	-	-
CONSORZIO STABILE CENTO ORIZZONTI a.r.l.	4,513	48	55	(1)	1	-	-
DO.MI.NO. S.r.l.	-	86	-	-	-	-	-
GBIM S.r.l.	826	81	14	-	-	-	(2)
GPI CHILE S.p.A.	-	-	2	-	-	-	-
HEALTHECH S.r.l.	-	-	-	-	-	-	-
HEMASOFT SOFTWARE S.L.	-	-	-	-	(134)	-	-
INFORMATICA GROUP LLC	1	-	-	-	-	-	-
LOMBARDIA CONTACT S.r.l.	(21)	1,742	144	(4)	(700)	(99)	(25)
PROFESSIONAL CLINICAL Gmbh	896	105	-	(4)	(348)	-	-
PEOPLENAV S.r.l.	-	-	-	-	-	-	-
RIEDL Gmbh	6	-	73	(4,222)	-	-	-
SINTAC S.r.l.	2	13	46	-	-	-	-
XIDERA S.r.l.	-	67	-	(488)	(155)	-	-
Total	**6,329**	**2,654**	**451**	**(4,805)**	**(1,693)**	**(99)**	**(40)**

The table below shows related-party transactions during 2019:

In thousands of Euro	Assets	Liabilities	Revenue	Costs
CIV SPA	33	-	11	-
FM S.R.L.	24	(344)	-	(247)
Consorzio Stabile Glossa	147	-	58	-
SAIM SÜDTIROL ALTO ADIGE INFORMATICA MEDICA S.R.L.	4,544	-	925	-
TBS IT TELEMATIC & BIOMEDICAL SERVICES S.R.L.	2,816	(259)	370	(54)
Total	**7,564**	**(603)**	**1,364**	**(301)**

Total assets from other related parties were EUR 7,564 thousand as at 31 December 2019, while liabilities were EUR 603 thousand, revenues EUR 1,364 thousand and costs EUR 301 thousand.

The receivable and revenues from CIV SPA refer to the supply of hardware and software.

The items relating to FM S.R.L. refer to financial charges on guarantees given in favour of GPI and the lease payments charged to GPI, recorded in accordance with IFRS 16.

The receivable and revenues from CONSORZIO STABILE GLOSSA are related to commercial and technical services rendered.

The receivable and revenues from SAIM S.r.l. are related to commercial and technical services rendered.

The receivable and revenues from TBS.IT S.r.l. pertain to technical and corporate services provided by GPI and to the interest-bearing loan granted by GPI.

Payables and costs to TBS S.r.l. refer to services of a commercial nature.

8.5 Management and co-ordination activities

GPI S.p.A. is subject to the management and co-ordination of FM S.r.l. with headquarters in Via Borgolecco 15, Bussolengo (VR), Italy. The highlights from the last set of approved financial statements of FM S.r.l. are presented below.

In thousands of Euro	31 December 2018	31 December 2017
Statement of assets and liabilities		
Non-current assets	23,231	17,568
Current assets	2,954	3,823
if Assets (Accrued income and prepaid expenses); if Liabilities (Accrued expenses and deferred income)	56	86
Total assets	**26,241**	**21,477**
Shareholders' equity	17,555	14,897
Post-employment benefits	-	-
Trade	8,685	6,578
if Assets (Accrued income and prepaid expenses); if Liabilities (Accrued expenses and deferred income)	1	2
Total liabilities and equity	**26,241**	**21,477**
Income statement		
Production revenue	411	658
Production costs	(667)	(818)
Net financial income	2,933	2,796
Taxation	-	-
Profit for the year	**2,677**	**2,636**

8.6 Remuneration of executives and/or directors with strategic responsibilities, the Board of Statutory Auditors and the Independent Auditors

In accordance with the law, the fees payable to Executives and/or Directors with strategic responsibilities, members of the Board of Statutory Auditors and the Independent Auditors for the performance of these functions are provided below.

In thousands of Euro	2019	2018	Changes
Key management personnel	1,007	576	431
Board of Statutory Auditors	36	50	(14)
Independent Auditors	82	82	-
	1,125	**707**	**418**

8.7 Employment data

The breakdown of the workforce by level is provided below.

Category	Average 2019	Average 2018	Changes
Executives	30	25	5
Middle managers and employees	3,438	2,520	918
Blue-collar workers	17	14	3
Apprentices	47	40	7
Total workforce	**3,532**	**2,599**	**933**

8.8 Proposal for the allocation of the profit for the year

Adopting a prudent approach, in order to support the Group's capital strength and contain any future economic and financial impact linked to the global economic scenario following COVID-19 as well as to maintain the necessary resources for R&D and M&A investments, the Board of Directors invites Shareholders not to distribute dividends on 2019 profits. Therefore, the Board of Directors resolved to propose to the Shareholders' Meeting to allocate the profit for the year equal to EUR 13,826,946.71 to the extraordinary reserve.

8.9 Earnings per share

The following table shows the statement for the calculation of the earnings per share:

Earnings per share	2019	2018
Number of shares	15,909,539	15,909,539
Profit for the year (thousands of Euro)	13,826	7,736
Basic earnings per share (Euro)	**0.87**	**0.49**

8.10 Significant events after the financial statement reporting date

COVID-19

Pursuant to paragraph 1, No. 22-quater of Article 2427 of the Italian Civil Code and in compliance with the provisions of IAS 10, we provide below information about the health emergency arising from COVID-19, which emerged in Italy towards the end of February 2020. In fact, since this event could not be foreseen by 31/12/2019, it is to be considered a subsequent event that does not involve a change in carrying amounts, but which requires appropriate disclosure. The health emergency caused by Covid-19, which the WHO has defined as a pandemic, is certainly among the top priorities that the Group is managing right now, focusing on two fundamental aspects:

- Protection of the health of all the people working within the Group and all the partners with whom we cooperate.
- Management of the economic/financial implications of the business and work as it pertains to our staff.

Health of our workers

our organisation is in compliance with the provisions of current health and safety regulations. Actions have been taken to create barriers to the spread of the virus (e.g., minimum distances between workstations, work shifts so as to reduce crowding, sanitisation interventions, rationing of the use of common areas, etc.); at the same time, initiatives have been taken to revise the work organisation which, in addition to contributing to safety aspects, guarantee the continued productivity of our collaborators. Smart working is certainly one of the choices adopted which, in addition to contributing to the management of the emergency, also guarantees a work-life balance.

Revenue

To date, customer orders are confirmed, no cancellations have been received; at the same time we are registering an increase in customer requests for new services (e.g., telemedicine and related organisational solutions for remote patient management) and IT support services for emergency management. The management of bookings has slowed down and in some cases some LHAs [Local Health Authorities] have temporarily suspended new booking activities, but at the same time the cancellation and rebooking activities mean higher volumes of activity for us, so that the net effect is largely positive. Also within Care SBA, there are numerous requests for the activation of information services in support of the emergency that will lead to a notable increase in revenues, which will most likely be of a structural nature. Insofar as software is concerned, it is possible to postpone the activities that were scheduled during this emergency period. On the other hand, a potential slowdown in deliveries related to orders in the robotics market is expected, depending on the temporary logistical difficulties.

Financial

The existence of electronic invoicing and the enhanced resources for the entire healthcare chain lead to an expectation of a potential reduction in collection times from the Public Administration, as our company operates mainly in the healthcare sector.

CERVED RATING

Among the significant events in 2020 is CERVED's confirmation of GPI's A3.1 rating in January.

ESTABLISHMENT OF MEDSISTEMI

Gpi S.p.A. established the company MedSistemi S.r.l. With registered office in Trento on 10 February 2020. This transaction was preparatory to the purchase of the "Consis" business unit on 27 February 2020, relating to the management services of the JSIS - Java Solution Integrated Suites Platform, developed in a Java Enterprise environment.

OSLO TRANSACTION

On 16 January 2020 GPI signed a preliminary investment agreement for the establishment of a Newco into which OSLO S.r.l. will transfer its business unit, specialised in the supply of management systems for the public and private healthcare sector. The signing of the agreement initiates the due diligence process that should be concluded with the acquisition by GPI of a majority stake (about 65%) in the Newco specifically set up for this purpose.

The transaction is part of a broader strategy to expand the product portfolio, aimed at integrating and enhancing GPI's Software SBA offering, completing the innovative skills related to the management of Management Systems, Big Data and Analytics, already present in the Group through the acquisition of BIM Italia in 2017.

OSLO s.r.l., based in Milan, a leading company in Business Intelligence, Business Analytics and Datawarehouse services with almost 100 customers in the Public and Private Healthcare sectors, complements GPI's offering by providing solutions, skills and presence in the territory. OSLO contributes solutions that collect, normalise and integrate in a single, certified and shared environment, all the available data that are usually present in an inconsistent way and are therefore difficult to use.
The fields of use are along two main lines, one that focuses on the development of information systems for management, and another that focuses on the development of a specific Data Quality Management (DQM) environment: in fact, data that is certified in this manner enables the generation of information that can create alternative scenarios that are searchable via the web, for the complete management of reporting paths throughout all the regions.

8.11 Information disclosed pursuant to Article 1, paragraph 125, of Law No. 124 of 4 August 2017

With reference to Article 1, paragraph 125-bis, Law No. 124/2017, it should be noted that during the year covered by these financial statements, i.e., in 2019, the company received grants, subsidies, advantages, contributions or public aid in cash or in kind, not of a general nature, which are detailed in the following table. As regards the possibility provided by Article 3-quater of Legislative Decree No. 135/2015 to receive the State aid referred to in Article 52, Law No. 234/2012, please refer to the data already published in the National Register of State Aid (www.rna.gov.it), for the amounts collected by the company for this purpose.

In addition to the data already provided therein, the following information is provided below (amounts in Euro):

Grantor entity	Amount of the economic benefit	Date of collection	Reason
Gestore dei Servizi Energetici GSE S.p.A.	392	28/02/2019	"Energy Account" contribution
Gestore dei Servizi Energetici GSE S.p.A.	1,219	12/03/2019	"Energy Account" contribution
Gestore dei Servizi Energetici GSE S.p.A.	1,276	30/04/2019	"Energy Account" contribution
Gestore dei Servizi Energetici GSE S.p.A.	1,319	01/07/2019	"Energy Account" contribution
Gestore dei Servizi Energetici GSE S.p.A.	1,319	02/09/2019	"Energy Account" contribution
Gestore dei Servizi Energetici GSE S.p.A.	1,352	31/10/2019	"Energy Account" contribution
Gestore dei Servizi Energetici GSE S.p.A.	1,089	31/12/2019	"Energy Account" contribution
FONDIMPRESA	4,400	23/05/2019	Continuing Education
FONDIMPRESA	6,133	07/06/2019	Continuing Education
FONDIMPRESA	12,607	24/06/2019	Continuing Education
FONDIMPRESA	906	12/09/2019	Continuing Education
FONDIMPRESA	1,858	14/11/2019	Continuing Education
Ministry of Education, University and Research	248,596	30/10/2019	"Active Ageing at Home" project
Autonomous Province of Bolzano - Alto Adige	90,740	09/07/2019	"Paride - platform for rational nutrition and integration of electromedical products" project
Autonomous Region of Friuli Venezia Giulia	61,484	12/08/2019	"Farmaprice - Integrated platform for the Precision and Cost-Effective PHARMAcological treatment of tumours" project
Apulia Region	47,774	08/08/2019	"ATS Sistema" Project
Liguria region - Filse SPA	231,543	24/07/2019	"RIPE: risk prediction for elderly patients" project
Tuscany Region - SBA corporate consultancy	93,103	30/09/2019	"AIR CARDIO" project: Innovative Approach to Congenital Cardiopathy"
Calabria Region	36,202	13/02/2019	"STAR" Project "Advanced Referral System"
Total	**843,312**		

Annex 2 - Statement of financial position prepared pursuant to Consob Resolution No. 15519 of 27 July 2006

STATEMENT OF FINANCIAL POSITION In thousands of Euro	31 December 2019	of which with related parties	31 December 2018	of which with related parties
Assets				
Goodwill	5,645		5,645	
Intangible assets	32,258		29,653	
Property, plant and equipment	22,710	390	12,925	
Equity-accounted investments in subsidiaries	47,369		45,325	
Non-current financial assets	2,207	1,320	3,125	1,320
Deferred tax assets	3,986		3,201	
Contract costs	2,063		247	
Other non-current assets	481		653	
Non-current assets	**116,719**		**100,774**	
Inventories	3,381	396	2,573	
Contract assets	83,936	10,531	61,905	
Trade and other receivables	32,986	3,675	38,117	13,416
Cash and cash equivalents	44,178		28,071	
Current financial assets	31,584	4,461	24,040	4,286
Current tax assets	396		764	
Current assets	**196,461**		**155,470**	
Total assets	**313,180**		**256,244**	
Shareholders' equity				
Share capital	8,545		8,545	
Share premium reserve	56,872		56,872	
Other reserves and retained earnings / (losses carried forward), including profit / (loss) for the year	8,918		1,368	
Total shareholders' equity	**74,335**		**66,785**	
Liabilities				
Non-current financial liabilities	107,424	265	86,499	
Non-current provisions for employee benefits	4,071		4,371	
Non-current provisions for risks and charges	170		170	
Deferred tax liabilities	1,519		2,344	
Other non-current liabilities	2,782		5,888	
Non-current liabilities	**115,966**		**99,272**	
Contract liabilities	103		1,083	
Trade and other payables	61,803	6,037	45,105	(5,246)
Current employee benefits	646		528	
Current provisions for risks and charges	201		469	
Current financial liabilities	56,242	6,569	39,660	(30)
Current tax liabilities	3,884		3,342	
Current liabilities	**122,879**		**90,187**	
Total liabilities	**238,845**		**189,459**	
Total shareholders' equity and liabilities	**313,180**		**256,244**	

Annex 3 – Income statement prepared in accordance with Consob Resolution No. 15519 of 27 July 2006

STATEMENT OF FINANCIAL POSITION In thousands of Euro	31 December 2019	of which with related parties	31 December 2018	of which with related parties
Revenue	168,939	6,329	112,874	8,192
Other income	5,850	2,654	2,918	2,426
Total revenue and other income	**174,789**		**115,792**	
Raw materials and consumables	(9,280)	(4,805)	(6,212)	(3,175)
Service costs	(45,837)	(1,694)	(30,091)	(1,075)
Personnel expenses	(96,163)		(66,685)	
Amortisation, depreciation and write-downs of non-current assets	(8,262)	(99)	(4,519)	
Other provisions	(940)		(32)	
Other operating costs	(1,896)		(1,358)	
Operating profit / (loss)	**12,411**		**6,894**	
Financial income	6,486	452	2,291	295
Financial expense	(3,356)	(40)	(3,245)	(364)
Net financial income	**3,130**		**(954)**	
Share of profit from investments accounted for with the equity method, net of tax effects	738		4,530	
Pre-tax profit	**16,279**		**10,470**	
Income taxes	(2,453)		(2,734)	
Profit / (loss) for the year	**13,826**		**7,736**	

• Report of the Financial Reporting Officer

The Healthcare Partner

Attestazione del bilancio d'esercizio ai sensi dell'art. 81-*ter *del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche e integrazioni

1. I sottoscritti Fausto Manzana e Federica Fiamingo, in qualità di Amministratore Delegato e Dirigente Preposto alla redazione dei documenti contabili societari di GPI S.p.A. attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:
   - l'adeguatezza in relazione alle caratteristiche dell'impresa e
   - l'effettiva applicazione delle procedure amministrative e contabili per la formazione del bilancio d'esercizio nel corso del 2019.

1. L'adeguatezza delle procedure amministrative contabili per la formazione del bilancio d'esercizio al 31 dicembre 2019 è stata valutata sulla base del modello Internal Control – Integrated Framework emanato dal Committee of Sponsoring Organizations of the Treadway Commission che rappresenta il modello di riferimento a livello internazionale generalmente accettato.

2. Si attesta, inoltre, che:

   3.1 il bilancio d'esercizio al 31 dicembre 2019:
   - a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento europeo e del Consiglio, del 19 luglio 2002;
   - b) corrisponde alle risultanze dei libri e delle scritture contabili;
   - c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente.

   3.2 La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente, unitamente alla descrizione dei principali rischi e incertezze cui sono esposti.

Trento, 27 marzo 2020

Amministratore Delegato

Fausto Manzana

Dirigente preposto alla redazione dei documenti contabili societari

Federica Fiamingo

GPI SpA
I-38123 Trento (TN). Via Ragazzi del '99, n. 13
T +39 0461 381515 / F +39 0461 381599
info@gpi.it / PEC gpi@pec.gpi.it

R.I. TN / P.I. / C.F. / 01944260221
R.E.A. C.C.I.A.A. TN nr. 189428
Cap. Soc. Euro 8.544.963,90 i.v.

DNV·GL ISO 9001 ISO 14001 OHSAS 18001

www.gpi.it

Financial year 2019

Consolidated Non-financial Statement

(Legislative Decree No. 254 of 30 December 2016)

04

Never before has the world scrutinised the theme of Health, especially the protection of people's health, so closely.

In the face of the pandemic, the World has realised that it is more fragile but this awareness is making us realise how precious the protection of health is, and how a protective barrier is now of the essence, since what we took for granted and considered as a given is neither one nor the other.

The Chairman and Chief Executive Officer Fausto Manzana

This awakening makes us more lucid and evolves our perception, first and foremost of ourselves but also how we see others with whom we share the same destiny and the same planet. This is the moment when we can choose the world we wish to live in today and that our children will inhabit after us.

A few days before the publication of our 2019 Consolidated Non-Financial Statement, I delved deeper into this reflection and I decided to make it the beginning of the letter dedicated to you, dear Stakeholders, motivated by the need to make sense of this time that is dominated by the Coronavirus. The challenge before us is to make health systems sustainable, while continuing to pursue universal access to treatments and to an adequate quality of care services. This is one of the main 17 Sustainable Development Goals promoted by the United Nations 2030 Agenda, and the one we certainly feel most strongly about.

Helping to make the National Health System sustainable is a challenge that we have chosen to address from the onset, focusing on technologies and processes that increase the effectiveness of social spending on health.

We are the leading partners of social-healthcare providers in Italy: supporting those who provide services to encourage innovation in care models. Taking care of people is our mission and evolving the organisation of the social-healthcare ecosystem by promoting digital transformation is our expertise. Underlying this transformation are some technological drivers whose combination outlines the current and future application scenarios: the cloud, mobile devices, Internet of Things, Big Data, Artificial Intelligence. These are technologies that we already apply to specific solutions for chronic disease management, initiative medicine, prevention pathways, managing reception pathways, applying tele-medicine solutions and operations centre services available 24 hours a day for virtual care services.

Our work, although often hidden, is very closely related to people's health. As early as the first signs of the onset of the Coronavirus emergency, we were in discussions with healthcare facilities on how to help institutions manage their increasing needs. We deployed additional services that are now indispensable in the current scenario.

We are guided by an innate and explicit desire to work towards ensuring that ours is a sustainable business that supports a sustainable National Health System, while taking care of the entire ecosystem, consisting of employees, customers, suppliers, the environment and territories.

• Gpi Profile

We are the leading partner for Healthcare and we innovate the models of assistance, patient admission, treatment and prevention to protect the health and well-being of people

Identity and business activities

We are a Group that connects people with health. We strive to narrow the gap between people and healthcare facilities. We stand by the side of entities that provide health and social services and help to improve people's quality of life. We know how to listen, assess complex situations and find ways to simplify them, proposing innovative technologies and organisational processes.
Our work helps people to live better.

The complexity that characterises us is a daily challenge and requires continuous adaptation. Our Management is aware of the importance of this requirement and is committed to developing the necessary skills to successfully integrate the Companies that join the Group. Our experience in the field has indicated the need to set up an M&A Team that can best manage the operational and cultural integration of the acquired Companies.

United in diversity

We have a 30-year history behind us, an important history, characterised by an expansion that has strengthened us. Our growth path has accelerated significantly in recent years with multiple acquisitions, expanding our corporate scope.
Much has changed: our offerings have been enriched, our geographical presence has become more widespread (both in Italy and abroad), proximity to our customers has increased, expertise has multiplied and corporate cultures have merged.
As we travelled along this path, a significant opportunity arose: to redefine a common identity that is mindful of each of our stories and that leads to a shared business future.
In 2019, the year of our 30th anniversary, we opened a new chapter in our history. Through a process of listening and internal and external discourse, we have created a **new brand**, with the shared ambition to recount our new collective identity: a story of concreteness, customer care, solidity and tradition, of continuous small steps, daily commitment and new goals.
This is an ambition that fuses into the new brand, which is much more than just a name, new signs and colours.

The construction of the new community is a daily commitment, with many actions aimed at fostering this process. The **collaborative platform** is one example of this process. The Group's Social Intranet, which went into production in early 2019, has grown and evolved over time.
The community is vast: all Gpi employees have access to the ESN (Enterprise Social Network) - in addition to these there are over 80 extranet users, typically partners with limited access to specific Working Groups (there are about 500 Working Groups to date). On average there are over 1,500 users online each day.
Gradually this tool has becoming more and more vital for the Group: it shortens distances, reduces information exchange times and simplifies the distribution of communications.
Another significant action was the reinforcement of internal communication: the **Filodiretto newsletter** was launched at the end of 2019. This is a monthly publication distributed to all Group employees, including through the collaborative platform.

Products, systems and solutions
Markets and customers

Software

Modular and integrated information systems for the management of:

- Clinical and administrative-accounting processes within hospital facilities, including the transfusion department
- Social welfare processes of the regional health facilities, including the prevention department
- Typical processes of Public Administrations, for good management of Institutions and to simplify the relationship between citizens and enterprises.

Care

Services and technologies for the reception, admission, treatment and empowering of patients:

- Telephone systems, hardware-software customised for Contact Centre and CUP, front-end services, secretarial services and cultural intermediation
- Integrated health and care services provided through its own outpatient clinics (Policura)
- Telemedicine, telemonitoring and home telecare services
- Design and production of prostheses with three-dimensional printers (3D printing).

Ict

Efficiency of hardware and software components to ensure operational continuity:

- Assistance, maintenance and support services for user workstations (desktop management)
- System support services (data centre administration, networking management and database administration).

Automation

Automation of the entire logistic process of drugs for pharmacies and hospitals:

- Computerised therapy management, from drug purchase to patient administration, with reduced clinical risk and costs
- Automation for pharmacies through robotic warehouses for drug logistics.

Pay

Innovative e-payment technologies and integrated services for large-scale retail, retail, credit and public administration:

- Products and services for the management of electronic payments.

More than 2,200 customers operate through Gpi Group solutions.

Geographical presence

HPUB

- Healthcare Companies
- Hospitals
- Public Providers (in-house)
- Regions, Provinces (Healthcare)

HPRI

- Analytics, Providers
- Trade Insurers, Insurers
- Care Homes, Private Clinics, Non-Profit Organisations
- Cooperatives
- Private User
- Pharmacies

NHPUB

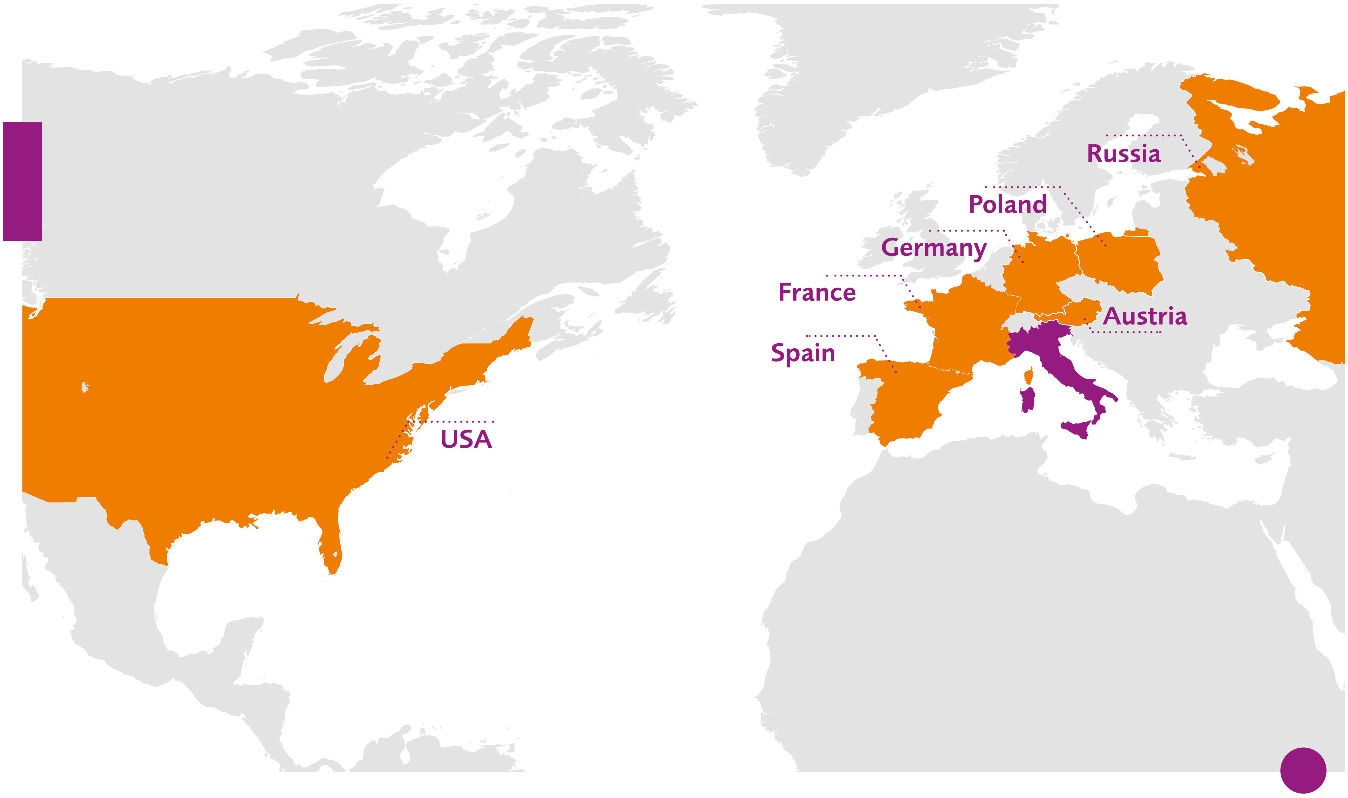
- Municipalities
- Provinces
- Regions
- Regional Agencies
- Universities
- Consortia

NHPRI

- Large-scale retail channel
- Banking Institutions
- Luncheon Voucher Operators
- NON-FOOD chains of shops
- Territorial Organisations (ACI, ...)

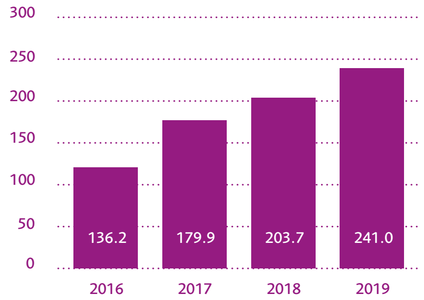
Key: H = Health; NH = Non-Health; PUB = Public; PRI = Private.

In **Italy**, the Group has its headquarters in Trento, the historic registered office, and a further **fifty operating offices** throughout the country. The Group has operating Companies in **7 countries**: Germany, Austria, Poland, Spain, France, Russia and the United States.

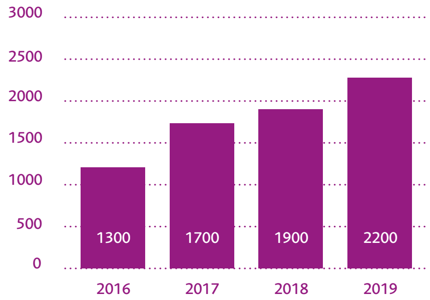


Key numbers

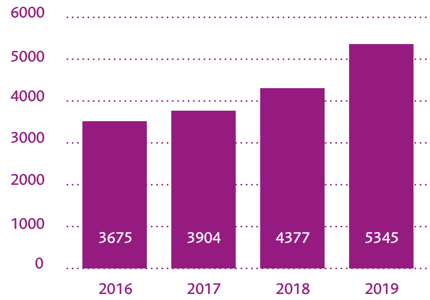
Consolidated revenues (Euro mln)



Customers



Workforce



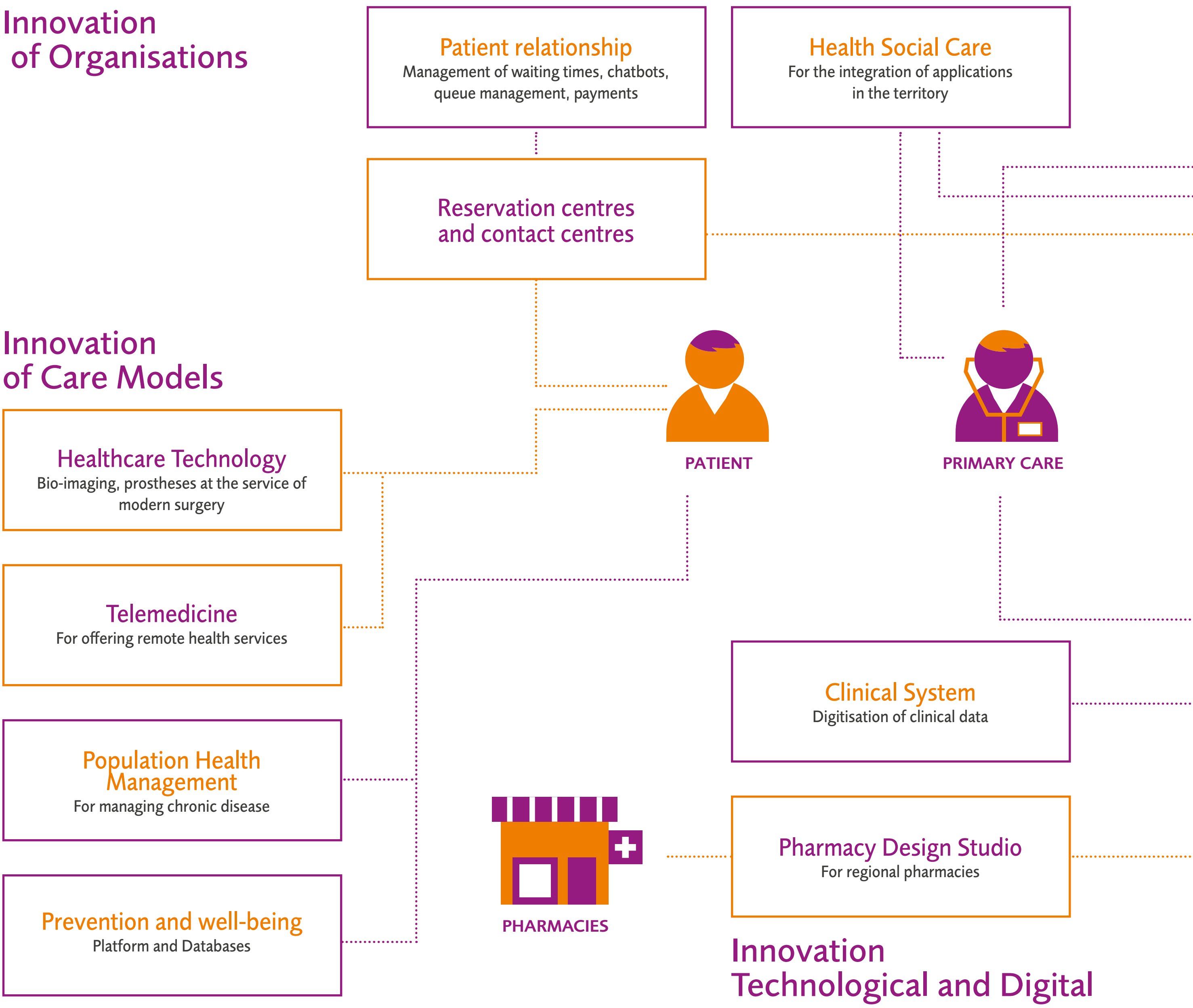
2019 Highlights

- **March** – with the approval of the 2018 Financial Statements, Gpi closed the best year ever in the Group's history. The first edition of the Consolidated Non-Financial Statement was also approved, in accordance with the requirements of Decree No. 254 /2016.
- **June** - two years after entering the Polish market, the Group strengthened its presence in north-eastern Europe with the establishment of Gpi POLSKA SP. Z O.O., based in Warsaw.
- **July** - Gpi completed the takeover of the Lazio Region's ReCup, one of the most important operations in the sector in terms of number of citizens served, managed by Gpi.
- **September** - the accreditation and qualification process at AgID (Agency for Digital Italy) was completed by Argentea, which became a Certified Storage Provider, a qualification that allows the Company to directly provide digital document storage services to customers.
- **October** - Gpi acquired a majority stake in Guyot Walser Informatique, a Reims-based company that deals with blood management software in French healthcare facilities. This transaction expands the Blood Bank Management network, which currently covers about 50% of the national territory. It is present in another 60 countries through the subsidiary Hemasoft (with offices in Spain and the USA).
- **December** - with the incorporation of UNI IT into Argentea, the Gpi Group further strengthened its position and ranks among the main operators in Italy in the market of electronic transactions to and from the PA.

Gpi Healthcare innovation

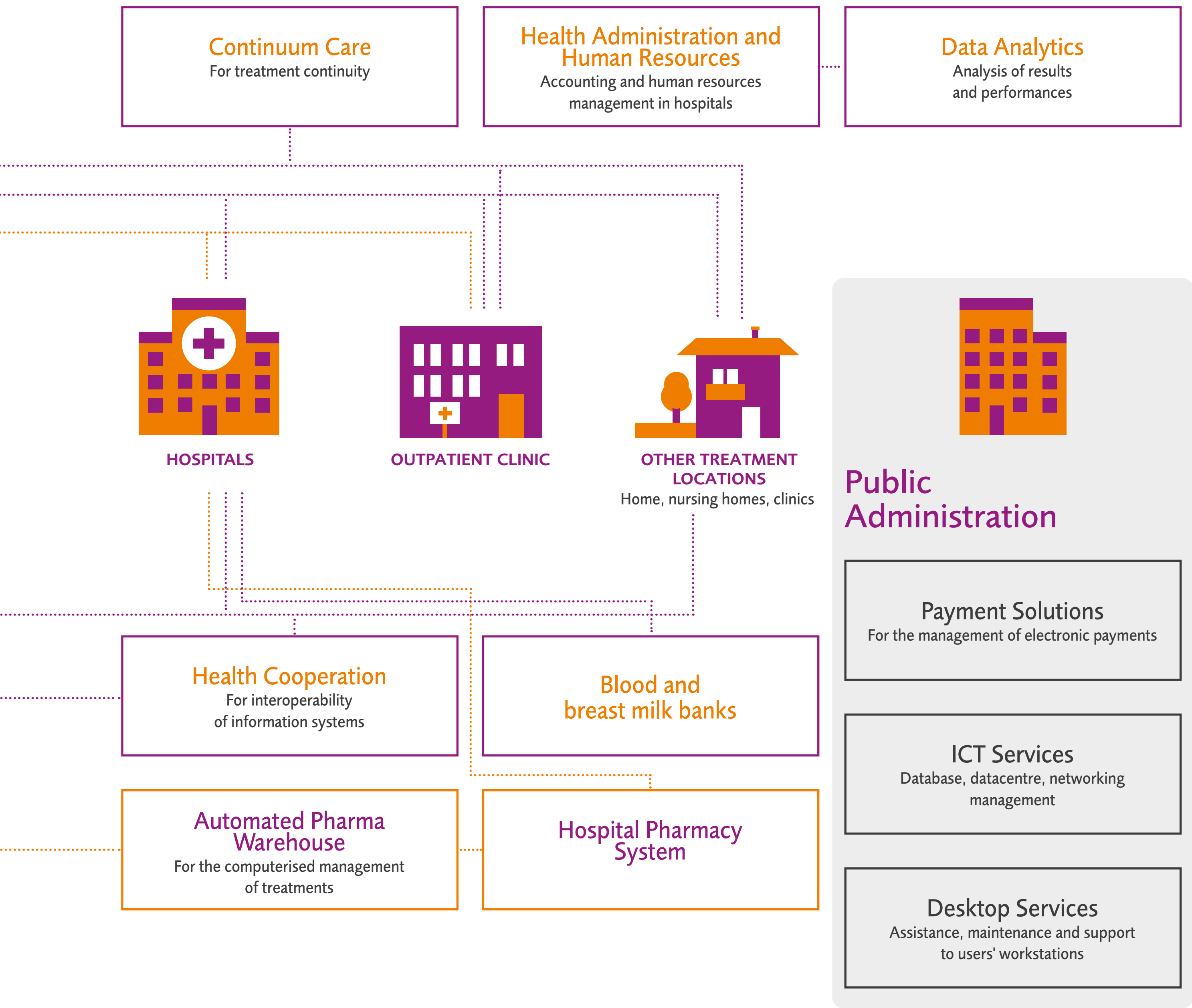
The Group's offer to healthcare facilities includes the provision of BPO (Business Process Outsourcing) services and the management of Contact Centres and Single Booking Centres (CUPs), which represent a reference point for approximately 28 million citizens in Italy.

Gpi has grown significantly in terms of size and capacity, both through the development of internal skills as well as through numerous acquisitions made in Italy and abroad, offering its hi-tech healthcare solutions in over 40 countries. The Company has been listed since December 2016, and has been present on the Borsa Italiana Mercato Telematico Azionario from 2018.



The ability to innovate is the driving force behind the development of Gpi's activities, which are integrated into a single vision that is oriented towards promoting multiple types of healthcare system transformation:

- the redesign of processes and organisational models of all healthcare system structures, to make them more effective and efficient. One all-encompassing example: the electronic prescription, which allows facilities to contact the patient directly to make appointments, has revised operating procedures and the organisational model;
- the transition from a reactive medicine to a proactive, predictive and personalised medicine that is able to respond to the patient's needs, keep people healthy, take care of chronic patients and manage emergencies;
- the progressive shift of care towards the patient's territory and home, again with the goal of rendering the system more efficient, for example by enabling access to clinical information, reservations, payments and to monitor biomedical parameters from one's smartphone.



Technologies for innovation

The profound changes awaiting national health systems, especially those of public health, in the near future are linked to the evolution of demographic trends and the spending capacity of the sector. In this scenario, the digitisation of healthcare system management processes is an important ally, both in terms of economic savings (up to 10% of the EUR 115 billion of total expenditure in the coming years[1]), and insofar as the quality and reliability of the system as a whole.

To respond effectively to the reference scenario, Gpi has identified strategic innovation areas for the next three years. The fundamental areas are the new technologies of deep learning, machine learning and neural networks, with the development of cognitive algorithms applied to the specific domain of healthcare as well as to other Public Administration services.

The challenges	Gpi's responses
Progressive frequency of chronic diseases(pneumological, cardiac, neurological) compared to infectious diseases, which currently absorb almost 80% of healthcare expenditure.	**PHM (Population Health Management)** Development of the PHM model, with a new proactive approach to chronic disease that meets patient needs. Concurrently, effective chronic disease management contributes to reducing costs and improving the organisational structure of treatments, in the relevant areas. The solution envisaged by Gpi offers the tools and knowledge base necessary to support hospitals: Stratification algorithms that detect the demand for health, counselling on the organisational structure, Care Management, including remote, and Contact Centre development.
Progressive ageing of the populationworldwide, and particularly in Italy, which is among the countries with the highest average age.	**Lifestyle, prevention, coaching** Behavioural change is essential to improve physical and mental well-being, which is often hampered by a lack of awareness, but also by the widespread unavailability of effective and affordable personalised support services. Through strategic use of the data, knowing each patient and establishing his/her social and health profile, Gpi aims to set up an accessible ICT infrastructure, using an all-encompassing approach that covers different age groups, diseases and citizen needs.
Difficulties in accessing quality health services encountered by citizens in rural or peripheral areas, particularly in relation to the progressive urbanisation and contraction of resources.	**Work Flow Management, Processes, PDTA, patient admission** Design and dissemination of ICT tools (PDTA - Path Diagnostic Therapeutic Care Diagnostic - workflow) that promote integration of different healthcare system operators to support the continuity of care in the territories, while reducing clinical variation. This is done through the sharing of key information, indicators and clinical data among practitioners, promoting the dissemination of evidence-based medicine that responds promptly to patients' specific needs.
Increased expectations from healthcare servicesby an increasingly informed and connected population.	**Multichannel UX, participatory design, human-centred design** Gpi is the promoter of a healthcare system characterised by services designed with a human-centred approach, i.e., structured according to the needs of the person. Although care provider culture has until now been focused on clinical effectiveness, safety and cost control, the patient's user experience now emerges as an increasingly strategic and relevant focus area at all touchpoints between citizens and social and health authorities. This is a user experience with a multi-dimensional expression: accessibility, usefulness, multi-channel, effectiveness, efficiency, tangibly improving the daily life of patients, caregivers and professionals.

1 Source: Ministry of Health.

Digital transformation at the service of Healthcare

The current theme at the centre of *Tech4Human*, a conference organised by the Mondino Foundation in partnership with the Gpi Group which took place on 3 October. The Foundation is at the forefront of digital transformation, understood as a driving force for innovation in care approach models. At the heart of the comparison – and of the development of the nursing record – is the relationship between technologies and humans. Developments in technology are revolutionising medicine and seem to undermine the status of human beings as the central and active players in the healing process. The change is inevitable and the objectives of quality and appropriateness of care are fundamental. Technology plays a fundamental, indispensable role in this. But how can we guarantee the centrality of the human being in a care relationship that now includes "machines"?

New technological services for PA

In September 2019, after it finished the accreditation and qualification process, the AgID (Agenzia per l'Italia Digitale) granted Certified Storage Provider status to Argentea Srl, a Gpi Group company that handles electronic payment systems. This certification will allow Argentea Srl to provide digital document storage services directly; this is a service that is essential for all PAs that are striving to drastically reduce paper records through modern digitisation processes. Argentea is also among the companies qualified as PagoPA Intermediaries and Technological Partners, another qualification that allows the company to offer PAs services that streamline revenue collection procedures and provide accounting reconciliation of payments received.

Research and development activities

Gpi's innovation model enhances the creativity and skills of its resources, promotes the internal sharing of knowledge and encourages interacting and collaboration with the outside world. Research and Development (R&D) activities, to which about 8% of revenues in the software area are allocated, are developed through two synergistic channels:

- the Research and Development internal organisational unit, with a staff of 12 people (there were 5 in 2016);
- the Software Factory, a technical structure of the Group.

The development of innovation is carried out internally, with the identification of specific strands of research and innovation, and externally, through collaborations with national and international research institutions, universities and industry experts.

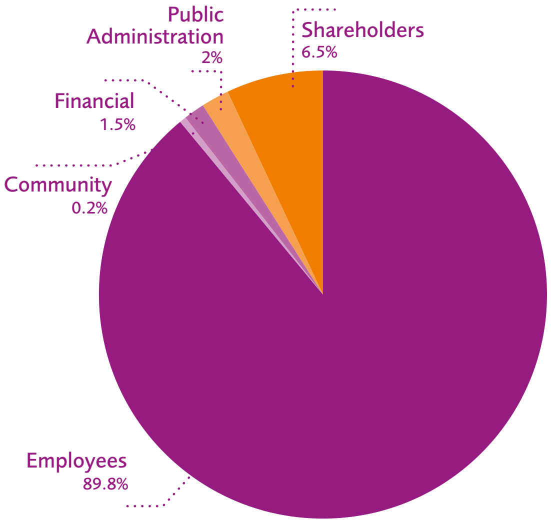
The collaboration with the Bruno Kessler Foundation is among the most significant. Gpi has created a co-innovation lab with this Foundation that is dedicated to the development of new skills, technologies and applications based on cognitive computing and artificial intelligence methods in healthcare and clinical applications.

Gpi also leverages the funding opportunities offered by the Autonomous Province of Trento, the ERDF and the PON/MIUR ITTs at the national level and the ITTs included in the European Horizon 2020 programme.

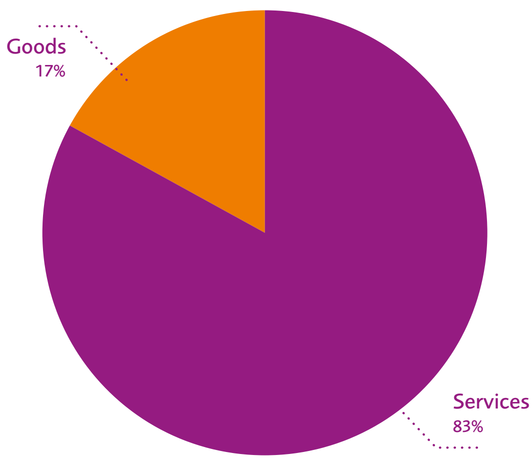
Added and distributed economic value[2]

The growing economic results were confirmed in 2019, with evidence of an encouraging trend confirming Gpi's ability to create value and distribute it to its main stakeholders.
In 2019, the economic value generated and distributed, calculated as the difference between revenues and costs for expenses and supplies necessary to ensure the company's operations, in addition to depreciation, amortisation and provisions, amounted to approximately EUR 150 million, an increase of 17% compared to 2018.
The Group's activities created an impact on a supply chain with over 1,400 active suppliers, resulting in a total value of over EUR 68 million of authorised purchases of goods, services and works, of which about 92% took place in Italy.
Almost all (about 90%) of the added value created and distributed is allocated to the company's staff.

Added value distributed



Breakdown of supplies



2. At the preparation date of this Statement, the Shareholders' Meeting had not expressed an opinion on the allocation of profits.
In the representation, the net result is attributed entirely to the shareholders.

• Governance and business management

We aim to increase the stability of an increasingly large and widely-distributed Group.

The ability to think long term and to make the most of different skills characterises our history and constitutes the solid foundation of our actions

Governance and compliance model

The Gpi Group has adopted a governance system that is functional to the achievement of its strategic objectives, mindful of the interests of the Shareholders and respectful of the legitimate expectations of the stakeholders, while also focusing on enhancing its management.

Governance is based on the Articles of Association and on a set of codes and regulations designed to ensure that the company's activities are conducted in accordance with the principles of fairness, loyalty, integrity and transparency and in compliance with the legislative and regulatory framework affecting the Group's various operating areas.

The corporate governance model, updated on the occasion of the transition from the AIM Italia segment to the Mercato Telematico Azionario of Borsa Italiana, follows the traditional model and adheres to the main indications of the Corporate Governance Code for listed companies, as expressed in the version approved in July 2018[3].

The management of Gpi SpA is entrusted to a Board of Directors (hereinafter also "Board of Directors") that is composed of 7 Directors in office until approval of the financial statements for the year ending 31 December 2020. In carrying out its functions, the Board of Directors is supported by the Control and Risk Committee (which is also responsible for Related Party Transactions) and the Remuneration Committee, of which the two independent Directors are members. The two Committees are assigned all the functions and responsibilities referred to in the Corporate Governance Code.

In February 2019, the Board of Directors approved the Remuneration Policy for Executive Directors, Executives with strategic responsibilities and Top Management. This Policy represents a main tool that aims to ensure that:
- activities are conducted in accordance with the principles expressed in the Code of Ethics and in compliance with the rules that the Company has set itself;
- a management team with high professional qualities is attracted, retained and motivated;
- the interests of management and shareholders are aligned;
- the creation of value for shareholders in the medium to long term is promoted by establishing a direct relationship between remuneration and performance.

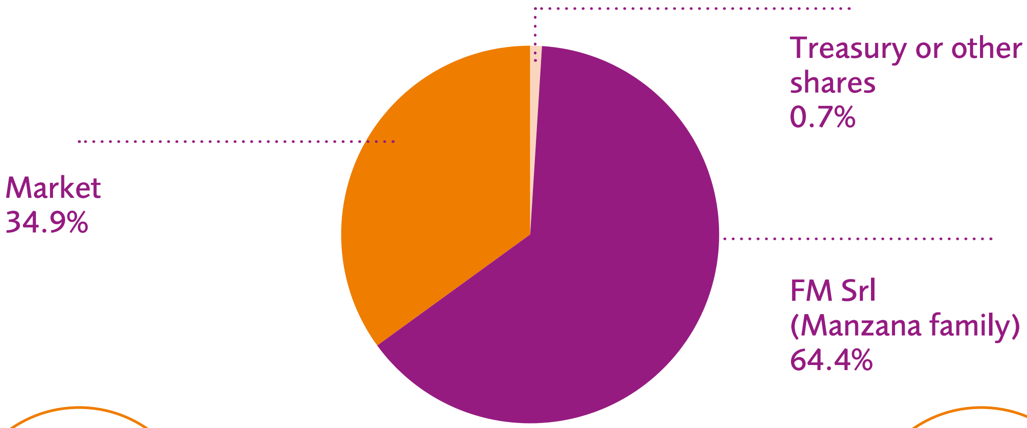
The current policy does not explicitly provide for annual and medium to long-term objectives to be linked to non-financial indicators.

3 Among the indications of the Code that have not been implemented are the establishment of the Appointments Committee and the definition of succession plans for executive directors, in consideration of the characteristics of the Company's ownership structure and the concentration of shareholders. The Company is making the necessary efforts to ensure that the provisions of the Code, to which it is committed to adhere, can be fully implemented in a timely manner.

Corporate Governance Model

Shareholders' Meeting

Shareholding structure



Board of Statutory Auditors (*)

Board of Directors (**)

Independent Auditing Firm

Supervisory Body

Number of members:	7
Average age:	52
Independent directors:	28%
Non-executive directors:	43%
Female members:	14%
Meetings held in 2019:	11
Participation rate (***):	87%

Internal Audit

Control and Risks Committee

Number of members:	2
Independent directors:	100%
Meetings held in 2019:	6
Participation rate (***):	100%

Remuneration Committee

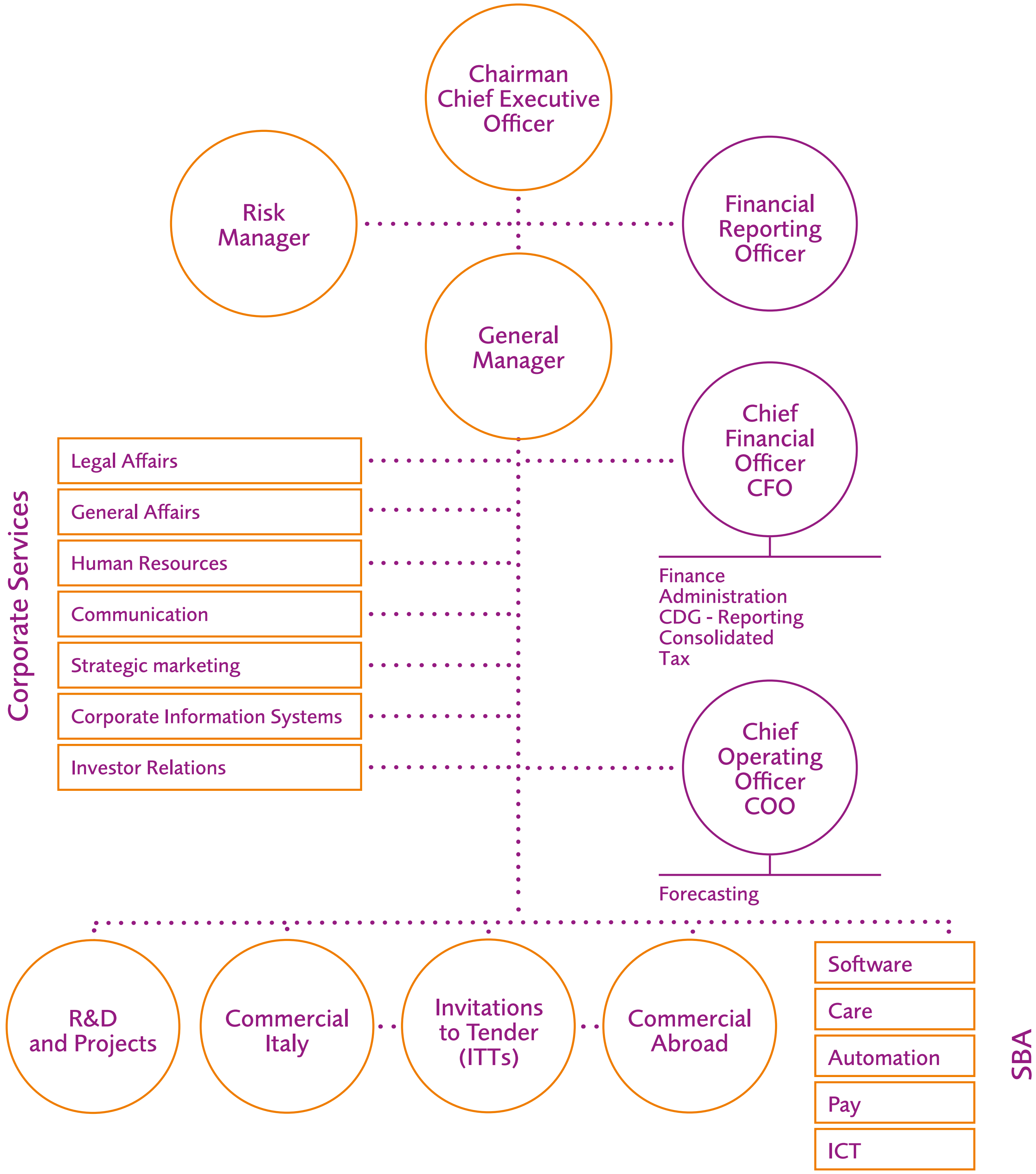
Number of members:	2
Independent directors:	100%
Meetings held in 2019:	8
Participation rate (***):	100%

Fausto Manzana, founder, Chairman and CEO of Gpi, is in charge of defining management policies, corporate development strategies, as well as supervising, monitoring and coordinating the activities of the Parent Company and the main companies (directly or indirectly controlled), issuing the appropriate directives for the corporate organisation.

(*) appointed by the Shareholders' Meeting of 30/04/2019, will remain in office until the approval of the financial statements at 31/12/2021.
(**) in office until the approval of the financial statements which will close on 31/12/2020.
(***) calculated as the number of attendances /number of convocations.

During 2019, a new General Manager was appointed who collaborates with the CEO to define management policies, supervise and coordinate the corporate management structures in order to implement corporate management policies and development strategies.

The organisational structure of the Parent Company is structured to ensure a streamlined and efficient oversight of corporate activities. All operational functions fall under the direct control, or indirect control through the General Manager, of the CEO, including the business areas, which are coordinated in synergy with the Group's Technical Management, Tender Management and Commercial Management.
Staff functions (Risk Manager and Financial Reporting Officer) report to the CEO, while Corporate Services (Legal Affairs, General Affairs, Human Resources, Communication, Strategic Marketing, Corporate Information Systems, Investor Relations), the Administration, Finance and Control Director and the Operations Director report to the General Manager, based on the duties assigned to each. Each department is supervised by a Director responsible for issuing directives and coordinating the work of its employees in order to implement the identified corporate policies.



Risk management and control system

The Code of Ethics and the Organisation and Control Model of Gpi S.p.A., prepared in accordance with Legislative Decree No. 231/2001 (hereinafter, Model 231), of which the Code of Ethics is an integral part, are the key documents of the internal regulatory system that defines principles and rules for conducting business.
Additionally, there are policies, procedures and management systems certified according to international standards, which govern certain relevant areas of business operations. During 2019, many of these systems were adapted to be in line with the new standards and their certifications have been renewed.
The indications described in the Code of Ethics must be followed by employees and associates, and by all those who work in the interest of or maintain relationships with the Group. The indications in Model 231 supplement the contents of the Code of Ethics, to guarantee compliance with the legislative and regulatory framework affecting the Group's various operating areas, with particular reference to aspects related to participation in public tenders.

The Italian subsidiaries Lombardia Contact and Cento Orizzonti (which operate in the Care sector), Gbim (Software sector) and Argentea (Pay sector) have adopted the Gpi Group's Code of Ethics and have their own Model 231, tailored to their specific needs. The other Italian and foreign subsidiaries currently operate without having adopted Organisation and Control Models.

Certified management systems in the Gpi Group

Scope	Certification scheme	Certified companies (Date of last certification)
Quality of services	Quality Management System (ISO 9001:2015)	Gpi SpA (2018) Argentea Srl (2017) Cento Orizzonti Scarl (2019) GBIM Srl (2019) Lombardia Contact Srl (2019) Accura Srl (2019)
	Multichannel technical support service on hardware and software systems (ISO/IEC 20000-1:2011)	Gpi SpA (2018)
	CUP call centre service on behalf of A.P.S.S. - Trentino (ISO 18295-1:2017 and 18295-2:2017)	Gpi SpA (2019)
Product safety	Medical software design (ISO13485:2016)	Gpi SpA (2019)
Environment, Health and Safety	Environmental Management System (ISO 14001:2015)	Gpi SpA (2018)
	Health and Safety Management System (ISO 45001:2018)	Gpi SpA (2019)
Anti-corruption	Anti-bribery Management System (ISO 37001:2016)	Gpi SpA (2018)
Information security	Information Security Management System (ISO 27001:2013)	Gpi SpA (2018); Argentea Srl (2018)

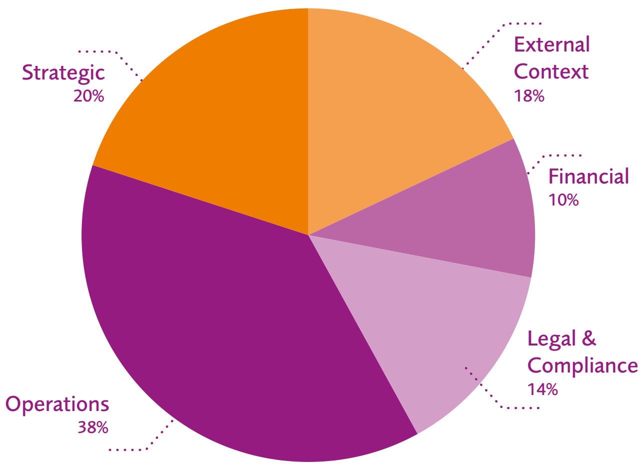
4. Model 231 is inspired by the "Guidelines for the construction of organisation, management and control models" drawn up by Confindustria and updated July 2014, as well as national best practices. The last revision was approved on 6 April 2018.
5 The Group's Code of Ethics is available on the Company's website, Governance Section - Documents. Amendments to the Code of Ethics and Model 231 are also distributed via company circulars to all employees who are required to accept the revised documents.

Mandated by the Board of Directors, the Chief Executive Officer is responsible for structuring and maintaining an effective system for ensuring that operations are in compliance with internal and external rules, and for risk management.
In particular, during 2019, an ERM (Enterprise Risk Management) system was also designed, implemented and deployed in three phases:

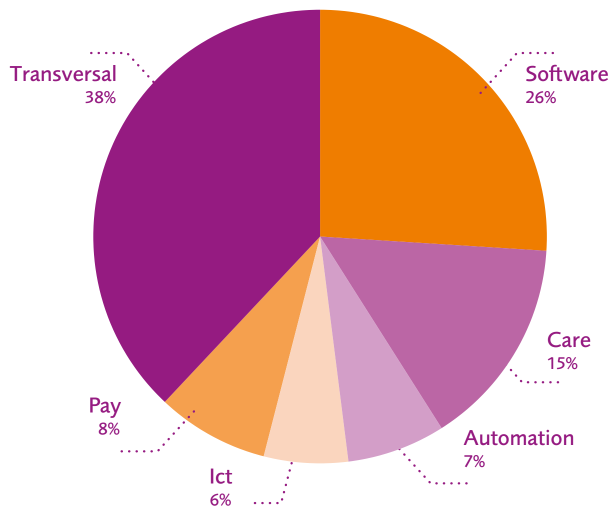
- in May, the corporate Risk Model was designed, structured into 5 risk categories, and the metrics were defined for assessing probability, impact (separating economic aspects from organisational and reputational aspects) and the level of maturity of the risk management system;
- risk assessment was carried out between June and September: 20 meetings were held, involving more than 40 representatives of all the SBAs and Group Departments and of the 3 main foreign companies. The assessment identified and documented 50 risks;
- in November, the project was presented to company managers and, on that occasion, the CEO requested that a specific Intervention Plan be prepared and implemented for 45 of the 50 risks identified in order to reduce their probability and impact.
- Finally, the entire system has been divided into specific procedures that define responsibilities, phases, records and timing of the annual maintenance cycle.

Below is a breakdown of risks by type and area of activity, followed by a table summarising the main risks associated with the material topics that fall within the scope of the Decree, with an indication of the related mitigation actions being implemented.

Distribution of risks by type



Distribution of risks by SBA



Main risks related to the areas covered by Decree 254

Material Topic	Description of the main risks	Mitigation actions
Ethics and compliance	• Improper behaviour, contravening the provisions of Model 231 and the anti-corruption management system, in the scope of relations with Institutions and the Public Administration.	• Specific training and information plan for the profiles most at risk.
	• Establishment of relationships with suppliers who lack the appropriate ethical and integrity requirements.	• Development of an a priori document evaluation process with the creation of a supplier register.
Quality and continuity of services	• Cyber-attacks and subsequent theft of sensitive data and/or operational blockage.	• Reinforcement of the organisation's cyber security structure; • Development of a management plan, continuous monitoring and periodic audits of the IT defence system.
	• Interruption of core IT services caused by the unavailability of third-party infrastructure.	• Monitoring of strategic suppliers; • Definition of alternative scenarios and plans.
	• Obstruction or interruption of customer operations due to malfunctioning of systems supplied or managed by Gpi.	• Improvement of the development, testing and delivery process of new application functionality.
	• Non-compliance with the service levels defined in the tender specifications.	• Detailed evaluation of the tender requirements during the bidding process; • Evaluation of the economic, financial and reputational profile of the partners of any Temporary Groupings of Companies (TGCs); • Selection and qualification of subcontractors.
Data privacy	• Unauthorised dissemination of sensitive data resulting from inappropriate conduct by operators.	• Evaluation and eventual adaptation of corporate procedures on the subject; • Evaluation of the dissemination systems of the procedures; • Computer tracking of outgoing information.
Product liability	• Malfunctioning of systems produced by Gpi that can lead to a deterioration of patients' health conditions.	• Augmenting the CE marking classification for certain medical devices.
Good employment and skills development	• Strengthening of trade union relations relating to CARE SBA contracts.	• Reinforcement of monitoring and internal skills.
	• Turnover of qualified human resources; • Difficulty attracting resources with the skills necessary for the growth of the Group.	• Development of welfare policies; • Adjustment of wage policies; • Structuring of training plans; • Job profile mapping; • Employer branding actions.
Identity and integration	• Less successful acquisitions due to integration difficulties.	• Setting up of an organisational structure dedicated to the process of integrating new companies.

The assessment of the adequacy and operation of the system is the responsibility of the supervisory bodies: the Board of Statutory Auditors, the Supervisory Board (OdV) of Gpi and its Italian subsidiaries equipped with Model 231, and the Internal Audit function, currently managed by an external company, selected on the basis of the criteria of independence, competence and integrity necessary to carry out the assignment.

In 2019, verification and control activities took the form of 52 internal audits, carried out by the General Affairs Department and the Internal Audit Department, which required a commitment of approximately 40 man days for audits carried out by third parties as required for the issuing and maintenance of management system certifications.

Gpi has also established various channels and tools to collect reports of alleged violations of the principles and rules of conduct[6], and encourages their use, in good faith or based on a reasonable belief, expressed confidentially and without fear of retaliation. Reports may also be sent anonymously, and are managed so that the identity of the reporter and any persons reported are guaranteed to be kept confidential. No reports were received through these channels in 2019, as in the year prior to that.

Similarly, in 2019, no significant monetary or non-monetary sanctions were levied against Group companies for violations of socio-economic regulations and no Group companies were involved in legal actions for conduct that contravened free competition and violation of antitrust laws.
At the end of 2019, the following disputes were outstanding:

- certain actions filed by third parties before the administrative judge in relation to awarded tenders, with Gpi Group companies as defendants;
- 4 civil lawsuits relating to the supply of machinery and alleged breaches of contract;
- 1 tax litigation, arising from an action for recovery of IRES tax credits used by Gpi SpA, relating to the years 2009 to 2013;
- 7 lawsuits with Group employees, as well as one dispute, expected to be consolidated as involving similar grounds, with certain other employees. These are disputes related to termination of employment or a request for recognition of higher-level duties.

Prevention of corruption

Gpi promotes the commitment to disseminate its ethical principles and values to all levels of the organisation and to fight corruption, with a "zero-tolerance" approach to any form in which it may be exercised[7], in relations with public officials and between private individuals, at the national and international level, and in all areas of business activity that are exposed to this risk[8].
The Company also protects the value of fair competition by refraining from collusion, predatory behaviour and abuse of a dominant position. This commitment is put into practice beginning from the tender evaluation phase, e.g., with renunciation of commercial opportunities that involve compromises that conflict with the Group's moral integrity.

Measures against corruptive phenomena are based on two fundamental elements:

- the Policy for the Prevention of Corruption[9], issued in October 2017, which defines the lines of conduct that each employee must respect and that each stakeholder must be aware of, specifies how to report corrupt acts and defines the methods of training, information and communication to the various stakeholders;
- the management system (Anti-bribery Management System), certified for the first time in 2018 according to the ISO 37001:2016 standard, which defines, in particular, the organisational controls for compliance and the measures and controls to be adopted in each area of activity.

Gpi believes that training is an important component of anti-corruption strategies, also in view of the high and physiological turnover in the company. In 2019, 345 new employees attended training courses. Going forward, the Company is committed to increasingly assist employees who operate in the most exposed corporate areas to develop the sensitivities and skills required to recognise and manage situations of potential risk.
A clause has been included in all supplier contracts whereby the other party undertakes to comply with the principles set out in the Code of Ethics and the Anti-Bribery Policy. Gpi also conducts ethical due diligence on partner companies in tenders and on suppliers with contracts exceeding EUR 10 thousand.

6 The available reporting channels are: e-mail to odv@GPI.it; mail to be sent to "GPI S.p.A. - via Ragazzi del '99, 13, 38123 Trento" to the attention of the Supervisory Board"; company box at the Trento office, which can only be accessed by the Supervisory Board; whistleblowing computer channel, accessible from the company website.
7 GPI considers that the following constitutes corruption: offering, promising, giving or accepting a financial or other benefit to induce the recipient or another individual to improperly perform his or her duties, or to reward him or her in any way for acting inappropriately, or when the recipient behaves improperly in accepting the benefit. The benefit includes money, gifts, loans, fees, hospitality, services, discounts, the awarding of a contract or any valuable asset.
8 The significance of the corruption risk in relation to company activities is specifically analysed and managed in Model 231.
9 The policy for the prevention of corruption is available on the Company's website.

In 2019, the Antitrust Authority (AGCM) resolved to renew the legality rating[10] assigned to GPI S.p.A. in 2017, confirming the rating of two out of a maximum of three stars.
In 2019, as in the previous year, there were no confirmed cases of corruption, nor were there any reports of corruption.

Protection of human rights and privacy

Gpi is aware of the importance of the protection of human rights in relation to the performance of its activities. These include, in particular:

- the fundamental rights of the individual;
- labour rights, as per the conventions of the International Labour Organisation (ILO);
- the right to health, safety and privacy;
- the right to a healthy environment.

With regard to the protection of individual rights, the main internal reference remains the Group's Code of Ethics, which states that requests or threats aimed at inducing people to act against the law and the principles laid down therein, or to behave in a way that is detrimental to the moral and personal beliefs and preferences of each individual, are not tolerated. In addition, the Group is committed to:

- guaranteeing the working conditions that respect the dignity of the person;
- providing protection from any acts of physical or psychological violence;
- rejecting any attitude or behaviour that discriminates against or harms the person and his or her beliefs;
- confronting any behaviour or speech that may disturb a person's sensibilities;
- not accepting any form of sexual harassment.

Similarly, Gpi is committed to ensuring the confidentiality of sensitive data and confidential information concerning employees, customers (hospitals and healthcare professionals) and end users (patients). Such data and information are processed only as strictly necessary and relevant for the intended purpose, in full compliance with the established security and protection procedures and always accompanied by a prohibition to use the data for purposes that are not related to the activity. Gpi also refrains from searching for confidential data, except in the case of express and informed authorisation and in compliance with current regulations.
In the area of information security, the Gpi Group:

- has its own Data Protection Officer and internal specialist department, the C.C.P. (Centro Competenza Privacy or Privacy Competence Centre), composed of certified experts in the various areas of the General Data Protection Regulations (GDPR), which also provides its services externally to customers;
- has certified its information security management system according to the international standard ISO27001.

No reports of discrimination have been received in the last three years.
Conversely, there were 16 cases of potential data breaches[11] in 2019 (there were 3 in 2018) regarding which, in view of the security measures adopted, it was not deemed necessary to notify the Privacy Guarantor.
In 2018-2019, no complaints or reports of breaches of consumer privacy were received.

10 *"The legality rating is aimed at promoting and introducing principles of ethical conduct within the company, through the assignment of a "recognition" - measured in "stars" - indicative of the respect for legality by the companies that have requested it and, more generally, of the degree of attention paid to the correct management of their business".*
GPI's legality rating expires on 24 April 2021 and is renewable.
11 Most of these are mobile phone or PC thefts that can be classified as potential data breaches.

• Acting responsibly

We continue to grow without losing sight of the deepest sense of being a company, aware that the solutions and services we provide to the community affect people's quality of life

Service quality and continuity

The delicacy and complexity of the business in which Gpi operates make the quality and continuity of services an essential component of the business model; these values condition strategic and operational decisions, from the design of technological solutions to the choice of partnerships for participation in public tenders, and the organisation of activities in the field.

In the world of Care (BPO), Gpi strives to understand the needs of contracting institutions, establishing a transparent relationship from the outset, to ensure adequate levels of quality and, at the same time, the economic sustainability of the system. The quality delivered and perceived is reflected in numerous performance indicators (KPIs) which are constantly monitored: SLAs (Service Level Agreements), customer satisfaction indices and average waiting times.

Gpi therefore places the patient and his or her needs at the centre of the service delivery model, starting from optimal use of time: quality becomes synonymous with efficiency, understood as the ability to shorten waiting times from the point of access to the facilities until the actual treatment. Underlying this approach is the awareness that an outpatient clinic or an emergency room are not merely any office, but require an integrated and all-inclusive management of all operational phases, to avoid even a small malfunction, such as can occur to a printer, blocking the system and causing damages that go far beyond the actual value of the malfunction.

The adoption of digital prescriptions in Trentino, for example, reverses the flow of bookings, allowing CUP operators to contact citizens directly to plan access to the services prescribed by doctors. A mechanism that renders the work organisation of call centres more efficient while reducing citizen waiting times. Similarly, waiting list management automation makes it possible to re-schedule visits and appointments in slots that are freed up due to cancellations, based on the preferences expressed by the patient at the time of booking.

All these aspects of quality, continuity and innovation of services are realised and deployed through the management system that Gpi has implemented and certified according to the international standard ISO 9001. In 2019, this certification was also achieved for the activities of the subsidiaries Cento Orizzonti, Gbim, Lombardia Contact and Accura.

The Single Reservation Centre of the Provincial Health Services Agency of the Province of Trento, one of the first service centres to be activated in Italy, has renewed the certification of its quality management standard, adapting it to the new ISO 18295-1:2017 and 18295-2:2017 standards, whose content is based on the pre-existing UNI EN 15838:2010 and UNI 11200:2010 standards, to ensure value creation for customers, clients and call centre operators through increasingly better relationship services. Customer satisfaction is a fundamental aspect of both new standards, constituting an objective that requires the constant monitoring of effectiveness and efficiency of accessibility to the service, timeliness of response, and effective resolution of the case that rendered the contact necessary.

In this context, it is clear that the reliability and proper functioning of the IT infrastructure are essential elements for ensuring quality and continuity of services, starting from the choice of data centre providers. Gpi has three data centres, equipped with proprietary computers, one of which holds a "Tier IV" certificate according to the Uptime Institute LLC classification with 99.995% guaranteed continuity, i.e., a potential downtime risk of only 0.4 hours/year.
Following the recent Coronavirus emergency, the Company was faced with a new scenario, namely the need to allow an increasing number of employees to smart-work simultaneously.
For data security, in addition to operations security, the Company has restricted the use of personal devices, equipping employees with company notebooks that have been configured in accordance with corporate regulations. The infrastructure has also been upgraded to ensure that the utilisation is concurrent with adequate performance.

User safety and product liability

Product liability (i.e., the manufacturer's responsibility for a harmful/defective product) takes on a particular value in the healthcare sector; it suffices to think of the transfusion services supply chain, the management of pharmacological administration and all the solutions for the operational management of hospital wards, where software malfunctions could have a direct impact on people's health.
Cognisant of the importance of these aspects in its activities, Gpi has certified its solutions according to the international standard ISO 13485:2016 and Directive 93/42/EEC. These standards apply to all phases of design, development, installation, maintenance and management of medical software but also to the provision of support services, consulting and training. In addition, Gpi directly monitors the functioning and effectiveness of the applied technologies throughout the life of the product with a staff of about 200 centrally-trained technicians.

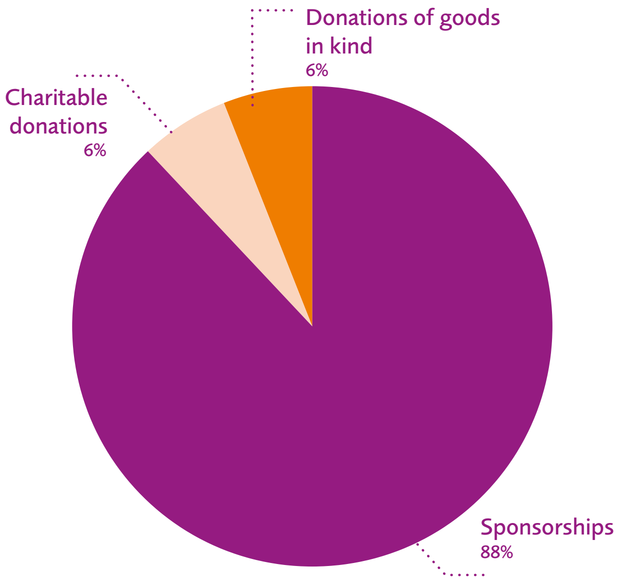
During 2018-2019, no cases of non-compliance with laws and regulations relating to the impact on the health and safety of products or services were recorded; moreover, neither Gpi, nor other Group companies have been involved in the past or are currently involved in any proceedings involving this type of liability.

Close to the territory

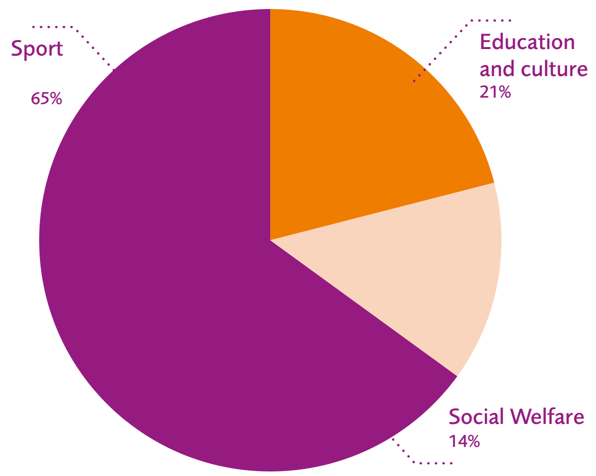
Gpi has historical roots in the Trentino region, where it was established and flourished, thanks to a supportive economic and social environment, with a territorial system in which the Province, the University of Trento, the Research Foundations, the credit world, employers' and trade unions' organisations interact to achieve synergies with the productive entities.

Today Gpi is present almost everywhere in Italy and in several countries abroad, but it maintains its commitment to supporting initiatives in the reference territories that support development and, at the same time, to promote awareness of the Company. In 2019, Gpi invested approximately EUR 164 thousand[12] in sponsorships and donations.
These activities are governed by a specific procedure, ensuring their consistency with Legislative Decree No. 231/2001.
Gpi's main areas of intervention are:
- projects and activities of a social nature, mostly in support of fragile groups;
- sports and cultural associations, with the objective of improving people's quality of life.

Investments in communities by type



Investments in communities by area



12 During 2019, the method of reporting donations and sponsorships of a social nature was changed, and grants of an exclusively business nature were excluded. The figure is therefore not comparable with that for the previous two years (investments of EUR 185 thousand in 2018 and EUR 259 thousand in 2017).

Main social initiatives in 2019

Sport, a lifestyle	Building a sports culture means transmitting the importance of values such as respect for others and rules; it means rejecting any violent behaviour (on and off the field) and learning how important it is to know how to "team up"; it means learning to pay attention to the health of the body and mind. The very core of Gpi is reflected in this choice.
Volleyball, a passion	Among Gpi's many support/sponsorships, two are of particular significance: the **Trentino Volley** and the **Lagaris Volley** initiatives. **Trentino Volley** is an important team on the Italian and international volleyball scene. The club was founded 20 years ago and quickly climbed the world rankings of men's Volleyball, becoming in rapid sequence Champion of Italy, Europe and finally the World. In addition to the competitive activity of the first team, which plays in the top series (A1Maschile), one of the main objectives of Trentino Volley is to bring young people closer to the sport. The youth sector has **over a hundred registered youngsters** and about twenty coaches and managers, who are divided among a dozen federal championships, for a total of more than 300 federal matches played. In 2019, promotion and recruitment activities in middle schools in the Trentino area reached **over 4 thousand children**. **Lagaris Volley** is a sports project that started in 2017 with the collaboration of three Vallagarina (Rovereto-Trento) volleyball clubs that joined forces to promote volleyball in the area and bring volleyball talents to the forefront. Lagaris Volley is one of the few volleyball clubs in Trentino that promotes the game for both women and men. **There are over 160 members**in the 8-24 age group. The management of the company is entrusted to a group of managers who volunteer their services. The club's main objective is the human development of young people along different paths depending on the age, attitudes and aspirations of each individual. This is a project with a focus that goes beyond sporting results, to promote opportunities for socialisation and integration as well.
The Queen of Sports	Another intervention concerns Athletics, the oldest and most complete discipline that includes multiple specialities. Gpi is a sponsor at various levels: on the one hand, it provides financial support to a number of Amateur Sports Associations located in the Province of Trento (e.g., Atletica Team Loppio, Lagarina CRUS Team) and, on the other hand, it supports the Trentino Committee of the **Italian Athletics Federation** (Fidal). This twofold approach is based on the desire to contribute to the sustainability of small associations that are close to the athletes and work to help them grow and succeed, while at the same time providing the main association (i.e., Fidal) with an economic contribution that allows the Trentino Committee to do the great work required. 2019 was a record year for athletics in Trentino, in many disciplines and for many athletes of various categories. **60 medals were won last season**: 27 for track, 10 for indoor athletics, 11 for cross-country running and 12 for mountain running.
The Archè Cooperative	Gpi has been supporting the Archè cooperative for several years. This cooperative is committed to **helping young people suffering from autism through sports activities**, such as SUP (Stand Up Paddle) and sailing. Here, sport becomes a tool for developing interaction and communication skills and to increase self-efficacy, self-esteem and learning. The cooperative is expanding its area of focus. In 2020, Archè Summer Camps will be set up outside the province of Trento, in particular in Calabria (Catanzaro Lido), Veneto (Bibione), Lombardy (Mantua) and Sardinia (Oristano).
Europe Beyond Access, for culture, art and social growth	Gpi is the **leader of the European Union project**, dedicated to people with disabilities who aspire to practice art professionally, to promote creative development and make them known to the general public. The path includes the production of dance performances, the creation of creative residencies of artists and international inclusive dance companies, and will conclude with the presentation of the productions at the **Oriente Occidente Festival**, one of the most important European festivals of contemporary dance and dance theatre, in Trento and Rovereto.

• The centrality of our people

In an industry characterised by proximity to technology and close customer relationships, people are a strategic resource for ensuring high standards of quality and long-term development

Employment and industrial relations

In recent years, Gpi's corporate population has experienced continuous growth, in line with the growth of the business.

As at 31 December 2019, the Group had a total of **5,345 employees**, both in Italy and abroad (up 22% on 2018), almost entirely employed by Gpi SpA and its Italian subsidiaries (98% of the total).
In Italy, there were **5,208** employees at 31/12/2019 - their average age was 41.
Additionally, **another 575 persons** collaborate with the company in Italy, in various capacities[13]. This brings the total to 5,783 people.
The most significant area in terms of number of employees (just over 70% of the total) is the Care SBA, a sector of the Company that provides BPO services. This SBA differs from the rest of the Company in relation to employment and contractual dynamics and is the one in which more than 85% of the female company population is concentrated. More than 90% of the Care SBA employees are employed under a part-time contract.

The Care SBA employees are also dispersed across the country, working both at the offices of the company as well as those of customers.

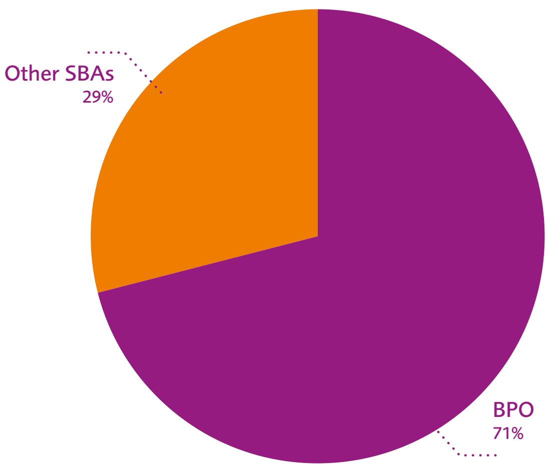
People working in Care/BPO services in Italy

Campania	20 employees	**Basilicata**	182 employees
Lazio	1,369 employees	**Emilia Romagna**	33 employees
Piedmont	9 employees	**Lombardy**	217 employees
Sardinia	30 employees	**Apulia**	127 employees
Tuscany	94 employees	**Sicily**	798 employees
Veneto	566 employees	**Trentino Alto Adige**	103 employees
Abruzzo	251 employees		

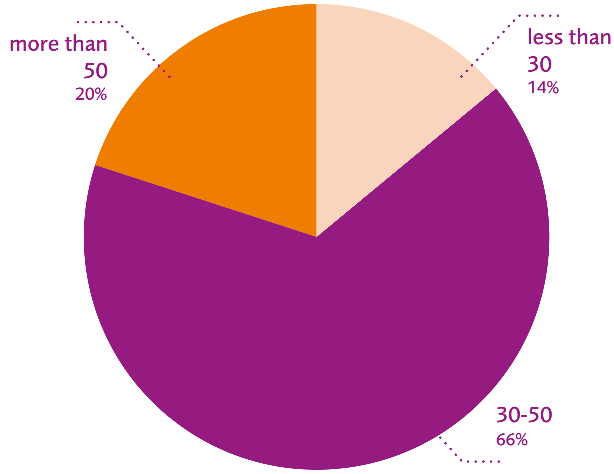
The Group is characterised by a significant and physiological turnover of personnel, which also manifested itself in 2019: 1,492 employees joined the company (1,420 in 2018) and 524 left (947 in 2018), with an overall turnover of around 41%, down from 57% in 2018. This trend occurs in Care SBA because of the dynamics of tenders (awards and divestments), and in particular the start-up of the ReCUP call centre in the Lazio region. For ICT information systems, the trend is due to the specific dynamics in the sector's labour market, in addition to the new acquisitions completed during the year.

13 47 are consultants, 517 are interns and administrators, 10 are directors and 1 is a collaborator with a coordinated and continuous collaboration contract.

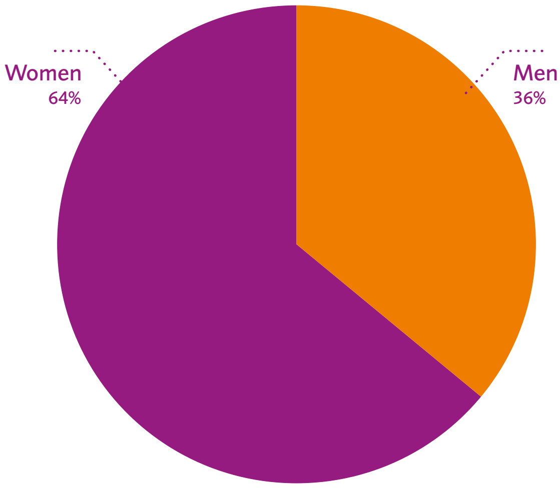
Employees by Business Area



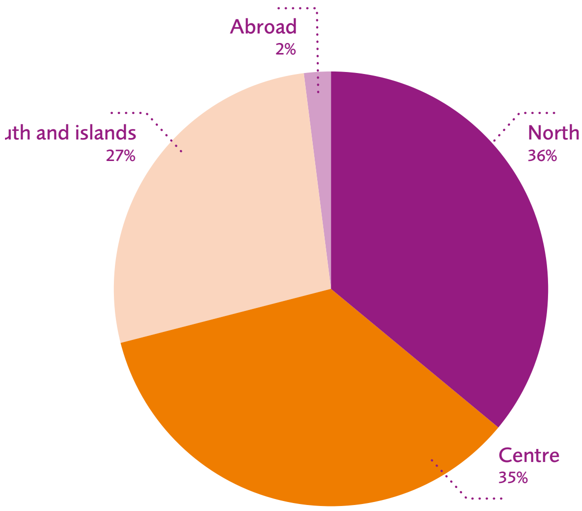
Employees by age group



Employees by gender



Employees by geographic area



All Group personnel are hired under regular employment contracts and, in Italy, they are fully covered by national collective bargaining agreements (CCNL) of varying types, the multiplicity being due to the acquisition and merger transactions that have taken place over the years.
Employment dynamics require particular attention to the harmonisation of collective bargaining and the regulation and the uniform application of corporate policies. The goal is to guarantee the same working conditions and opportunities to all employees in all business areas and acquired companies. This process has progressively led to the application of two reference CCNLs: the Multiservice Integrated Services Contract for the Care SBA and the Metalworkers Contract for the ICT sector as a whole; together they cover 98% of the company population (79% in 2018).

Gpi promotes an ongoing dialogue with trade unions with a view toward ensuring quality in employment relations and good employment for all[14]. This is particularly significant insofar as the contract exchange and takeover operations that characterise the Care area. In these contexts, company policy is to safeguard employment regardless of the existence of explicit social clauses, always in accordance with the project submitted in the call for tenders, with an approach that aims to:

- enhance the organic assets already in place with the previous contractor;
- make the new structure compatible with the project that led to the award of the contract;
- manage all organisational aspects of change, paying special attention to the social impacts.

Gpi integrated existing workers into the company's workforce as part of the changes that occurred as a result of tenders in 2019. This also happened on the occasion of the important taking over and activation of the ReCUP of the Lazio Region, which books specialist visits for the entire region in BPO[15] mode, despite the absence of an explicit social clause in the call for tenders.

With regard to the more ordinary industrial relations activities, more than 50 trade union meetings were held throughout 2019 and covered most of the Group's offices, involving recognised trade union representatives. The main issues dealt with at the trade union tables covered various areas, the most important of which included issues relating to work organisation, the fixing of result bonuses, pay issues and corporate welfare.

At the end of 2019, 7 lawsuits were pending with Group employees, as well as one dispute, expected to be consolidated as involving similar grounds, with certain other employees. These are disputes related to termination of employment or a request for recognition of higher-level duties.

Equal opportunities and well-being at work

Gpi believes that the integration, enhancement and encouragement of people working in the company is especially important and strives to eliminate all obstacles related to gender, religion and personal beliefs, race and ethnic origin, disability, age, sexual orientation, in the belief that diversity is an element to be valued as a source of cultural and professional enrichment.
The presence of women in the company is particularly significant, with a further increase to 64% of employees (61% in 2018). This is also supported by policies aimed at facilitating the reconciliation of work with the private life of people, particularly in relation to the daily management of work, both in terms of time distribution and flexibility, as well as in relation to work location.

Gender pay gap

During 2019, the Group conducted an initial analysis of the gender pay gap[16] between men and women, which was carried out on a sample including only employees with the same role, duties and contract, with full-time working hours (40 hours/week), i.e., 1,545 people (about 30% of the total).
The results showed that:

- in the "middle management" class, women receive on average a higher salary than men, which applies to employees covered by the metalworker contract (+5%) and multi-service contracts (+9%) alike;
- in the "office workers" class, women with metalworker contracts receive on average a salary substantially in line with their male colleagues (+1%) and lower if only ICT SBA women are considered (-6%), which is similar if women employed with multi-service contracts are considered (+1% compared to the total, -5% if only ICT SBA is considered).

Among middle managers and employees, the data that emerged show that there exists a particular balance, which differs from national statistics in some respects.
Women make up about 9% of executives.
Women hold 20% of the middle manager positions.

Work-life balance

The cornerstone of the organisational system is the relationship between manager and collaborator, based on trust and listening. This rapport makes it possible to intercept and intervene on personalised needs and improve the working environment and well-being of those involved, while ensuring that operational requirements are met.

15 The transaction took place on 22 July 2019 through a Temporary Business Grouping (RTI) with the social cooperative InOpera.
16 The Gross Annual Salary is always the basis of the calculation. The data refer to Italy.

In particular, the response to the need for work to be close to the family home is expressed both through structural interventions of an individual nature, as in the case of the 49 employees who worked remotely in 2019, as well as through actions aimed at groups of workers that have currently allowed 30 people to work at the three co-working stations located in Trentino.

These initiatives are part of a wider flexible work project that provides various possibilities for the delivery of work at different times and places than usual.
With this method, the Company is able to assist workers during periods characterised by temporary difficulties and needs.

Reconfirmation of the Family Audit certification

Gpi has been Family Audit certified since 2012 by the Autonomous Province of Trento with the aim of promoting innovative work-life balance actions, triggering a cycle of continuous improvement of the working environment. During 2019, on the occasion of the audit, the Company secured the Family Audit certification for the next two years. The evaluation underlined the renewed motivation insofar as the actions implemented, commending the commitment, including in consideration of the continuous extension of the company's scope. The Family Audit certification is granted in two-year cycles focused on start-up, maintenance and consolidation. Gpi is in the first year of the third consolidation cycle.

As part of the activities aimed at reconciling work and living and integrating and enhancing human capital, Gpi has also joined the "Staffetta Generazionale" [Generational Bracket], an initiative promoted by the Trentino Alto Adige region in agreement with the trade unions. The latter provides for the possibility - through trade union agreements - to introduce reductions in working time for workers close to retirement or who need a temporary reduction in working time, with the aim of encouraging the entry of young people on permanent contracts. The Generational Bracket programme started in the autumn of 2019, and Gpi had already secured 2 activations at 31 December.

Gpi also complies with regulatory requirements regarding the employment of personnel belonging to **protected categories**. There are 255 employees belonging to these categories hired by the Group's Italian companies, the majority of whom are employed by the Care SBA. Gpi has been supported on achieving these results thanks to its relationships with territorial partners and social cooperatives that reinforce sensitivity towards diversity and facilitating integration; this is a commitment that has been strengthened by participation in the **career day dedicated to disabled people** and people belonging to protected categories, organised in May 2019 by the Autonomous Province of Trento.

Talent selection and acquisition

Since August 2018, Gpi has reorganised its recruiting activities by using specialised software for the management of the entire selection process. The tool enables the company to collect applications, administer tests and questionnaires, share selections on the Company's website page, social networks and on all the main Italian job sites and collaborate online with all the company departments involved.

In 2019, instead, a diligent process of redefining job profiles began, with the aim of creating a shared and uniform identity for the various existing company figures. This activity will be completed in 2020 and has required several meetings with line managers for the purpose of defining the main objectives pertaining to the roles, responsibilities, the necessary and desired requirements, and company system authorisations. The analytical, precise and, above all, contextualised description of the profile will support the strengthening of all personnel management activities, from research and selection, to performance management, up to the definition of career paths and job rotation.
At the same time, the increasingly competitive scenario of the labour market, and the widening gap between labour supply and demand, has led to the need to develop an employer branding strategy that will reach its peak during the three-year period 2019-2021, but which in 2019 has already taken the form of a series of initiatives aimed at bringing schools and universities closer to the company.

Introducing Gpi to young people

Participation in Career Days	Gpi's participation in several Career Days has made it possible to locate young candidates in line with the junior positions the company wishes to fill, particularly focusing on new and recent graduates in economic and technical-specialist areas. Additionally, a close cooperation with secondary schools provided access to a valuable recruitment source that led to the hiring of several junior figures.
Meetings with students	During the year, several meetings with university students were organised: at the Trento headquarters, with a class from the Advanced Vocational Training at the Marconi Institute in Rovereto, welcoming students interested in network infrastructure and software development; for students attending the Master's degree course in Economics and Management at the University of Trento; and finally for students enrolled in the Computer Science degree course at the University of Udine.
Project TU SEI [You Are]	Gpi has joined the initiative that began in 2008 with the collaboration between the Autonomous Province of Trento and Confindustria Trento that aims to reduce the gap between school and business. In this context, a protocol has been signed with the Istituto Tecnico Tecnologico Buonarroti of Trento, for a project involving the Automation SBA. The aim of the project is to entrust the school with the company's own activities, stimulating the knowledge acquired by the students and bringing them closer to the actual world of work. In 2019, 23 children were involved, 18 from a 3a class and 5 from a 5a class.

Training and professional development

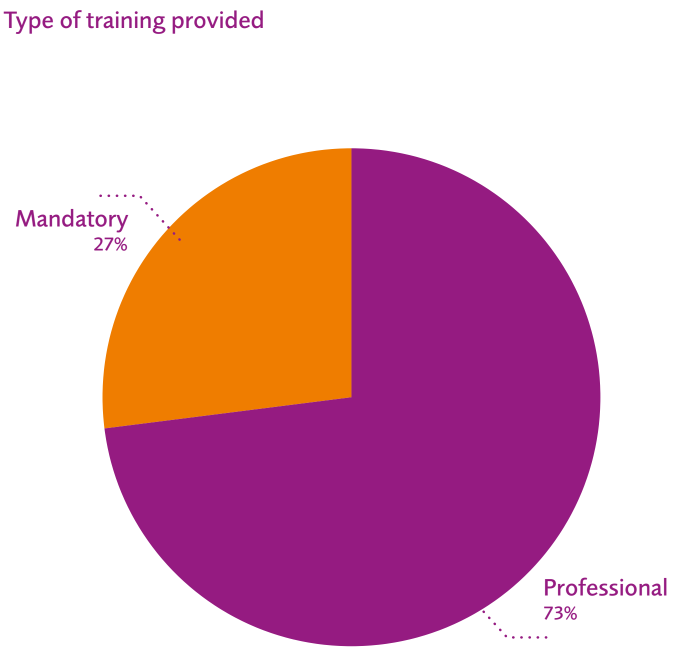
After recruits join the company, Gpi invests in developing their professionalism with initial orientation and training, refresher courses and courses that appeal to the entire company population. This also stimulates internal growth, including by employing the dynamism and diversification of the individual's work experience, as strategic levers to meet the expectations and ambitions of employees, to motivate them and retain the most valuable resources within the organisation. This also serves to mitigate the risk of skill shortage, a topic that concerns the ICT sector in particular.

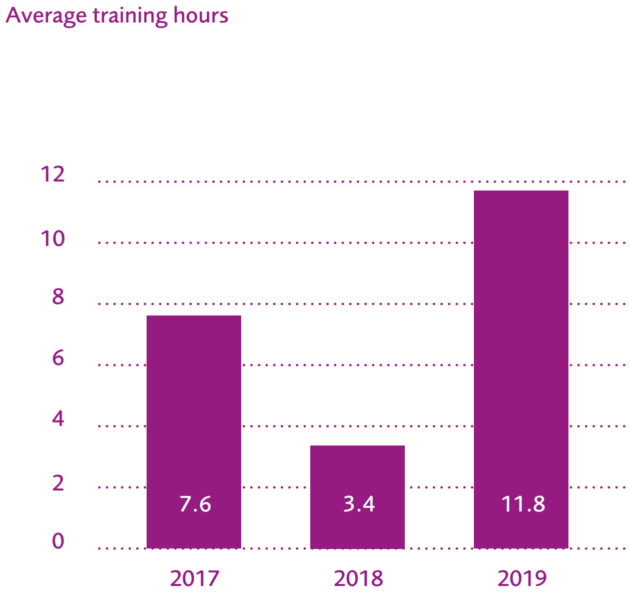
In 2019, the ACADEMY project was relaunched, which provides for the reorganisation of the internal coordination structure of the training area, with the aim of structuring and accelerating training and development programmes for all Gpi staff.
Positive results were immediate, with over **58 thousand hours of training** provided in Italy in 2019. In addition, over 4,000 hours were provided abroad, bringing the universal total to 63,000 hours of training.
Particularly **significant is the increase in optional training**, which rose in Italy from 3,628 hours in 2018 to **45,686 hours in 2019**.

In this context, the selection and training of the figures responsible for the management of the new organisational structures, aimed at developing the technical and managerial skills needed to play this fundamental role effectively, is of particular importance.
Some of them were also able to benefit from a specific training activity on the theme of leadership and communication that involved a total of about 100 team leaders from the Care and Software SBAs, with meetings held in Lazio and Trentino. The training, which lasted over 2,200 hours, dealt with various topics, some of which were more technical, concerning the use of software and applications, while others were more transversal, aimed at the acquisition of soft skills. These included conflict management, stress and emotional state management, constructive feedback and effective communication with collaborators.

The growth of the corporate population, with the numerous new entries recorded during the year, has also made it necessary to maintain a constant commitment to training to maintain compliance on issues such as security, data privacy and other areas related to the Organisational Model 231, thus, **19% more hours were dedicated to compulsory training in 2019, compared to 2018**[17].
The graphs below show the breakdown of the training provided by the Group during 2019 and the trend in average hours provided per employee.

17 The change refers to Italy.





In the professional development area, the **internal job posting** tool has been shown to be the most effective. In 2019, in fact, 22 positions were shared with employees, demonstrating the extent to which the company is able to offer growth internally. These included some selections, within the Care SBA, aimed at candidates able to become team leaders. Expanding on the results achieved in terms of internal mobility, it should be noted that, in total, 88 employees achieved a change of level[18] and 26 achieved a change of role.

Protection of health and safety

Gpi promotes safety in the workplace, with the aim of minimising occupational accidents, which are largely related to travel. The commitment to accident prevention is enshrined in the Health, Safety and Environment Policy, which is an integral part of the occupational safety management system covering about 70% of the Group's employees.

During 2019, the system was certified according to the new ISO 45001:2015 standard, which builds on the previous OHSAS 18001 standard, but explicitly covers all staff working under the company's responsibility, even if not in a permanent capacity.

In 2019, 85 accidents occurred, involving only Italian employees, compared to 61 in 2018 (59 in Italy, 2 abroad). These were mainly accidents involving travel (56 out of 85) and none of them were fatal. In relation to the company's workforce population, the number of accidents remains relatively low, in line with the last two years. However, the Italian frequency index increased to 13.53 compared to 10.41 in the previous year.

During 2019, as in the previous year, no complaints or recognised cases of occupational disease were filed. Since 2014, Gpi has been directly providing specialist healthcare services through its own Policura medical centre, present with two offices in Trento and Rovereto. The services offered are varied: from cardiology to neurology, from vascular surgery to obstetrics, and from dermatology to ophthalmology. During the year, the centre runs various campaigns to raise the awareness of Gpi employees on particular issues, concluding special agreements to this end. Regardless of the agreements in effect, employees are entitled to preferential rates on all services offered by the centre.

The new supplementary health insurance coverage was also introduced in June 2019, in collaboration with the provincial fund of the Province of Trento Sanifonds, and extended, starting in 2020, to all GPI Group employees, including those working on service and technology tender contracts. This is a wide-ranging intervention, with which the Company guarantees insurance coverage that provides a one-off financial support of EUR 12 thousand in the event of the onset of serious illnesses, including malignant neoplasms, heart attacks and heart disease, ALS, Alzheimer's disease, Parkinson's disease. The amount paid can be used to cover any kind of incurred expenses, including those of a non-medical nature.

18 Persons who have benefited from a change of level do not include apprentices who, by contract, have a progressive increase in their classification level until they reach the final level near the end of the apprenticeship period.

• Gpi and the environment

We were born in a territory where nature is respected as a matter of course. We are committed to minimising the impact of our activities wherever we operate

Environmental management

The environmental impacts generated by Gpi are essentially those produced by office activities. They include energy consumption for the utilities of the operating sites and fuel consumption for the corporate fleet, water consumption for sanitary purposes and waste production. The material topic is energy efficiency which lies at the centre of the commitments that the Group has undertaken through its Health, Safety and Environment Policy.

The Parent Company Gpi SpA has strengthened these commitments by defining and implementing an Environmental Management System certified according to the international standard ISO 14001:2015, which guarantees a systemic approach to the continuous improvement of environmental performance, including through the awareness and involvement of employees, collaborators and suppliers.

In 2019, the absolute values of energy and water consumption increased in line with the expansion of the scope of the company's activities. During the year, in fact, the **surface area of buildings** for instrumental use that the Group has at its disposal for various reasons in Italy grew to **30,200 square metres**, a **23% increase compared to 24,500 square metres in 2018**, and the number of Italian employees increased as well.

Energy efficiency and carbon footprint[19]

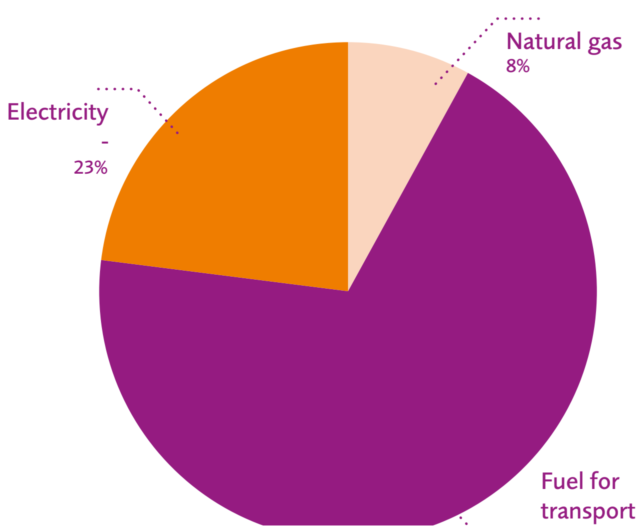
Total energy consumption in 2019 was 34,241 GJ, an increase of about 23% compared to 2018. Energy intensity, measured as the ratio of total consumption to hours worked, was 5.4 GJ per thousand hours, a value substantially in line with previous years.

Almost all the electricity consumed is supplied by the grid. Gpi also benefits from a low amount of self-produced electricity that comes from the photovoltaic plant located at the Trento headquarters, which provided a total of 12.2 MWh (44 GJ) in 2019. Energy from renewable sources represented 0.13% of total consumption.

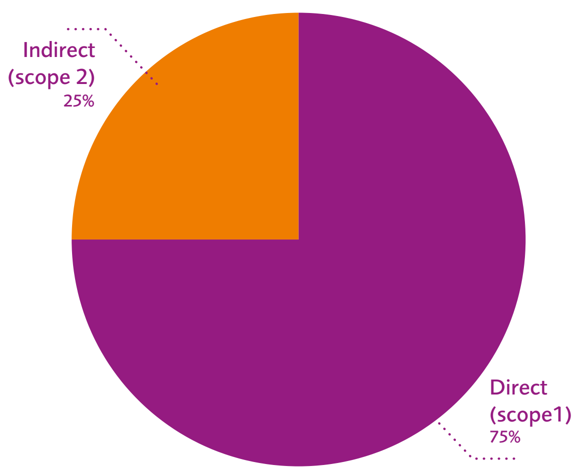
Greenhouse gas emissions due to energy consumption amounted to 1,899 tonnes of CO_2 for scope 1 (direct emissions from the combustion of natural gas and automotive fuels) and 639 tonnes of CO_2 for scope 2 (indirect emissions from electricity supply), for a total of 2,538 tonnes of CO_2 (+20% compared to 2018).

The largest share of emissions, more than 65% of the total, comes from the combustion of automotive diesel fuel. Gpi is therefore especially mindful of the environmental compatibility of its fleet of about 430 vehicles. All the models present in the company fleet and in the car-list for new registrations, in fact, already fall under the pollution bracket that, in terms of the new regulatory-tax context, does not involve an increase in the value of the benefit, as they have emission values of less than 160 grams of CO_2 per kilometre.

Energy mix



Breakdown of CO2 emissions



19 The environmental data refers to Italy and also includes TBS IT, currently excluded from the scope of the Consolidated Financial Statements and from the Consolidated Non-Financial Statement. Foreign data are not material.

Water consumption and waste management[20]

In 2019, 8,671 cubic metres of water was consumed (7,402 cubic metres in 2018), all of which came from the public water supply. The increase in consumption in absolute terms is justified by the higher number of employees working at Group sites. Specific consumption, compared to the number of hours worked, was 1.38 cubic metres per thousand hours (1.31 in 2018).

A total of 16.6 tonnes of waste was produced in 2019, consisting mainly of electrical and electronic equipment (WEEE) and printing consumables (toner/cartridges) (35.1 tonnes in 2018[21]), of which 14.5 tonnes were classified as non-hazardous waste (28.4 tonnes in 2018).

The fraction of waste generated for recovery increased from 2018 to 2019, going from 65.5% to 100% for non-hazardous waste and from 11.7% to 100% for hazardous waste.

	U.M.	2019 (*)	2018 (*)	2017 (*)
Waste production and disposal				
Production of hazardous waste	tonnes	2.15	6.7	6.1
- of which recoverable	*%*	*100*	*11.7*	*4.8*
Production of non-hazardous waste	tonnes	14.45	28.4	21.8
- of which recoverable	*%*	*100*	*65.5*	*57*
Total waste produced	tonnes	**16.6**	**35.1 (**)**	**27.9**

(*) data referring to Italy only (**) A large quantity of PCs was scrapped (extraordinary year)

20 The data refer to Italy. Foreign data are not material.
21 Extraordinary year in which a large amount of Personal Computers and electronic devices were scrapped.

• Indicators and the GRI Standards

Methodological note

This document constitutes the Consolidated Non-Financial Statement (hereinafter also referred to as "Statement" or "CNFS") of the Gpi Group for the year ended 31/12/2019.

The Statement is prepared in accordance with the provisions of Legislative Decree No. 254 of 30 December 2016 (hereinafter also referred to as the "Decree") and subsequent supplements and constitutes a separate Report included in the Annual Financial Report but not included in the Report on Operations.
The CNFS contains data and information relating to environmental, social, personnel, human rights and the fight against active and passive corruption, which are considered relevant in view of the characteristics of the company and its operations, and have been identified on the basis of the results of the materiality analysis conducted for the year 2018 and shared with the Control and Risk Committee in February 2019. During 2019, meetings were held with company management and no priorities emerged that would require specific updating of the materiality analysis.

The table below shows the material topics identified for each area and the GRI standards selected to represent the management results.

Material Topics, pursuant to Legislative Decree No. 254/2016 and GRI indicators[22]

Scope of Decree 254	Material Topic	GRI standards
Aspects related to personnel management	Good employment (*)	102-7; 102-8;102-41;401-1
	Skill development	404-1
	Leadership	(**)
	Identity and integration	(**)
	Equal opportunities (*)	405-1; 406-1
	People's well-being (*)	403-2
Aspects related to social impact	Service quality and continuity	(**)
	Product liability	416-2
	Open innovation	(**)
	Value for the territory	203-1
Anti-corruption	Ethics and compliance	205-3;206-1;419-1
Environmental aspects	Energy Efficiency	302-1;302-3; 305-1;305-2
Human Rights	Data privacy	418-1

(*) other material topics related to Human Rights

(**) material topic not reported with Topic-Specific GRI Standards. The management approach adopted and related indicators are reported in the document.

Each area of the Decree is dealt with in specific sections containing a description of the material topics and risks and the related management methods, the management guidelines that can be derived from the Code of Ethics and the policies defined by the Company, the management activities and, finally, the relevant performance indicators for the measurement and comprehension of the results.

22 In consideration of the territorial, regulatory and business context in which the company operates, the topic relating to the use of water resources, although provided for in the Decree, has not been included among the material ones, but is nevertheless discussed in the Statement.

Data and information are reported by applying the GRI Standards of the Global Reporting Initiative issued in 2016 according to the GRI-Referenced approach. The value of each indicator is compared with the value of the two previous years, wherever reconstruction was possible. For the significance of the comparison, the extended scope of the Group's activities during 2019 must be taken into account.
No restatements have been made with respect to the data of the previous year, except where expressly stated.

The scope of the information contained in the CNFS coincides with the scope of consolidation of the consolidated financial statements and therefore includes the parent company Gpi and all the companies consolidated on a line-by-line basis, with the exceptions shown in the table below. Any further limitations to this scope are duly indicated in the document.

Scope of consolidation (at 31/12/2019)

Subsidiaries	Justification for any exclusion from the scope of the NFS reporting
Gpi S.p.A.	
Accura S.r.l.	
Argentea S.r.l.	
Argentea Sp. Zoo	Non-financial non-material impacts
Bim Italia S.r.l.	
Business Process Engineering S.r.l.	
Cliniche della Basilicata S.r.l.	Non-operational
Consorzio Stabile Cento Orizzonti Scarl	
Do.Mi.No S.r.l.	
Gbim S.r.l.	
Gpi Chile spa	Non-operational
Gpi Polska Sp. Zoo	Non-financial non-material impacts
Guyot-Walser Informatique (*)	Incorporated / acquired close to the end of the financial year
Healthech S.r.l.	Non-operational
Hemasoft America Corp.	
Hemasoft S.I.	
Informatica Group	Non-operational
Lombardia Contact S.r.l. Soc.Unipers.	
Peoplenav S.r.l.	
Professional Clinic Software G.m.b.h.	
Riedl G.m.b.h.	
Sintac Srl	
Xidera S.r.l.	

(*) the process of collecting and cataloguing non-financial information could not be organised in a timely and effective manner. The non-financial information of the company currently excluded from the scope of consolidation will be reported as of financial year 2020.

22 In consideration of the territorial, regulatory and business context in which the company operates, the topic relating to the use of water resources, although provided for in the Decree, has not been included among the material ones, but is nevertheless discussed in the Statement.

The preparation of the Statement was based on a structured reporting process:
- the involvement of the company structures/departments that have contributed to the identification and evaluation of material topics, the updating, verification and validation of all the information reported in the Statement and the data collection, analysis and consolidation phases, each covering its own area of relevance;
- the approval of the Statement by the Board of Directors, convened to approve the 2019 Financial Statements on 27/03/2020;
- the issuing of a compliance assessment of the Statement by KPMG S.p.A. in the form of a limited audit.

The content of the CNFS is supplemented, where necessary or appropriate, by other information contained in the Report on Operations, the Report on Corporate Governance and Ownership Structure, and within the Company's website - which can be consulted by following the specific links.
The 2019 Annual Financial Report is available on the Company's website
www.gpi.it, Sezione Investors/Documenti/Bilanci e Relazioni.

Data and performance indicators

Employment and turnover

	GRI standard	U.M.	2019			2018			2017		
EMPLOYEES			ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL
Consisting of											
Employees at 1/1		**n**	**4,238**	**139**	**4,377**	**3,774**	**130**	**3,904**	**3,548**	**127**	**3,675**
- of which BPO(*)		*n*	*2,925*	*-*	*2,925*	*2649*	*-*	*2,649*	*2,824*	*-*	*2,824*
- of which ICT(*)		*n*	*1,313*	*139*	*1,452*	*1,125*	*130*	*1,255*	*724*	*127*	*851*
total incoming		**n**	**1,476**	**16**	**1,492**	**1,388**	**32**	**1,420**	**920**	**25**	**945**
- of which BPO		*n*	*1,203*	*-*	*1,203*	*993*	*-*	*993*	*642*	*-*	*642*
- of which ICT		*n*	*273*	*16*	*289*	*395*	*32*	*427*	*278*	*25*	*303*
total outgoing	102-7	**n**	**506**	**18**	**524**	**924**	**23**	**947**	**694**	**22**	**716**
- of which BPO		*n*	*329*	*-*	*329*	*695*	*-*	*695*	*548*	*-*	*548*
- of which ICT		*n*	*177*	*18*	*195*	*229*	*23*	*252*	*146*	*22*	*168*
Employees at 31/12		**n**	**5,208**	**137**	**5,345**	**4,238**	**139**	**4,377**	**3,774**	**130**	**3,904**
- of which BPO		*n*	*3,799*	*-*	*3,799*	*2,947*	*-*	*2,947*	*2,918*	*-*	*2,918*
- of which ICT		*n*	*1,409*	*137*	*1,546*	*1,291*	*139*	*1,430*	*856*	*130*	*986*
Breakdown of employees by gender											
men		n	1,808	95	1,903	1,589	101	1,690	1,277	97	1,374
- of which BPO	405-1	*n*	*859*	*-*	*859*	*699*	*-*	*699*	*679*	*-*	*679*
women		n	3,400	42	3,442	2,649	38	2,687	2,497	33	2,530
- of which BPO		*n*	*2,940*	*-*	*2,940*	*2,248*	*-*	*2,248*	*2,239*	*-*	*2,239*
Breakdown of employees by position											
executives		n	33	6	39	33	6	39	18	6	24
- of which BPO		*n*	*3*	*-*	*3*	*2*	*-*	*2*	*1*	*-*	*1*
middle managers		n	61	16	77	63	12	75	48	11	59
- of which BPO		*n*	*2*	*-*	*2*	*1*	*-*	*1*	*3*	*-*	*3*
white-collar workers	405-1	n	5,095	103	5,198	4,128	108	4,236	3,696	98	3,794
- of which BPO		*n*	*3,782*	*-*	*3,782*	*2,397*	*-*	*2,397*	*2,908*	*-*	*2,908*
blue-collar workers		n	19	12	31	14	13	27	12	15	27
- of which BPO		*n*	*12*	*-*	*12*	*7*	*-*	*7*	*6*	*-*	*6*
Breakdown of employees by age group											
under 30		n	713	18	731	636	17	653	496	15	511
- of which BPO		*n*	*470*	*-*	*470*	*423*	*-*	*423*	*363*	*-*	*363*
between 30 and 50	405-1	n	3,455	100	3,555	2,846	109	2,955	2,687	101	2,788
- of which BPO		*n*	*2,587*	*-*	*2,587*	*2,032*	*-*	*2,032*	*2,102*	*-*	*2,102*
over 50		n	1,040	19	1,059	756	13	769	591	14	605
- of which BPO		*n*	*742*	*-*	*742*	*492*	*-*	*492*	*453*	*-*	*453*
Breakdown of employees by geographical area											
North Italy		n		1,924			1,538			1,371	
- of which BPO		*n*		*928*			*778*			*863*	
Central Italy		n		1,864			1,351			1,143	
- of which BPO	102-7	*n*		*1,714*			*1,058*			*964*	
South Italy and islands		n		1,420			1,349			1,260	
- of which BPO		*n*		*1,157*			*1,111*			*1,091*	
Abroad		n		137			139			130	
- of which BPO		*n*		-			-			-	
Other employed workers											
collaborators, interns, trainees	102-8	n	575	9	584	340	N.A. (**)	340	N.A.	N.A.	N.A.

(*) The data relating to employees by SBA as of 01/01/2019 differ from the data for SBAs as of 31/12/2018 in that a strategic redesign of the Strategic Business Areas has taken place.
(**) Foreign data are not material

Diversity and equal opportunities

	GRI standard	U.M.	2019	2018	2017
Gender and demographic diversity					
Employees by classification / gender					
Executives - men	405-1	%	91	N.A.	N.A.
Executives - women		%	9	N.A.	N.A.
Middle managers- men		%	80	N.A.	N.A.
Middle managers - women		%	20	N.A.	N.A.
White collar employees - men		%	34	N.A.	N.A.
White collar employees - women		%	66	N.A.	N.A.
Blue-collar employees - men		%	84	N.A.	N.A.
Blue-collar employees - women		%	16	N.A.	N.A.

Employees by classification / age groups					
Executives under 30	405-1	%	0	N.A.	N.A.
Executives between 30 and 50		%	39	N.A.	N.A.
Executives > 50		%	61	N.A.	N.A.
Middle managers under 30		%	0	N.A.	N.A.
Middle managers between 30 and 50		%	31	N.A.	N.A.
Middle managers > 50		%	69	N.A.	N.A.
White collar workers under 30		%	14	N.A.	N.A.
White collar workers between 30 and 50		%	67	N.A.	N.A.
White collar workers >50		%	19	N.A.	N.A.
Blue collar workers under 30		%	21	N.A.	N.A.
Blue collar workers between 30 and 50		%	32	N.A.	N.A.
Blue collar workers > 50		%	47	N.A.	N.A.

	GRI standard	U.M.	2019			2018			2017		
TYPE OF CONTRACTUAL RELATIONSHIP			ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL
Application of collective bargaining agreements											
Employees with national collective bargaining agreements (CCNL)	102-41	**n**	**5,208**	N.A.	**5,208**	**4,238**	N.A.	**4,238**	**3,774**	N.A.	**3,774**
- of which Metal Worker contracts		*%*	*23.3*	N.A.	*23.3*	*26.6*	N.A.	*26.6*	*22.1*	N.A.	*22.1*
- of which Multiservice Integrated Services contracts		*%*	*74.8*	N.A.	*74.8*	*52.4*	N.A.	*52.4*	*53.2*	N.A.	*53.2*
- of which Industry executives		*%*	*0.6*	N.A.	*0.6*	*0.8*	N.A.	*0.8*	*0.5*	N.A.	*0.5*
- of which other contracts		*%*	*1.2*	N.A.	*1.2*	*20.2*	N.A.	*20.2*	*24.2*	N.A.	*24.2*
CCNL application rate (*)		**%**	**100**	N.A.	**100**	**100**	N.A.	**100**	**100**	N.A.	**100**
Breakdown of fixed-term / permanent contracts by gender											
permanent contracts	102-8	**n**	4,736	126	**4,862**	3,724	125	**3,849**	3,350	121	**3,471**
- of which BPO		*n*	*3,468*	-	*3,468*	*2,535*	-	*2,535*	*2,558*	-	*2,558*
- of which women		*n*	*3,095*	*38*	*3,133*	*2309*	*32*	*2,341*	*2,221*	*27*	*2,248*
Fixed-term contracts		n	472	11	**483**	514	14	**528**	424	9	**433**
- of which BPO		*n*	*331*	-	*331*	*412*	-	*412*	*360*	-	*360*
- of which women		*n*	*305*	*4*	*309*	*340*	*6*	*346*	*276*	*6*	*282*
Breakdown of fixed-term / permanent contracts by geographic area											
Permanent North Italy	102-8	n		**1,696**			**1,440**			**1,323**	
Permanent Central Italy		n		**1,783**			**1,261**			**1,083**	
Permanent Southern Italy and islands		n		**1,257**			**1,023**			**944**	
Permanent contracts abroad		n		**126**			**125**			**121**	
Fixed-term North Italy		n		**228**			**98**			**48**	
Fixed-term Central Italy		n		**81**			**90**			**60**	
Fixed-term Southern Italy and islands		n		**163**			**326**			**316**	
Fixed-term abroad		n		**11**			**14**			**9**	
Breakdown full-time / part-time											
full-time	102-8	n	1,588	125	**1,713**	1,451	123	**1,574**	1,053	119	**1,172**
- of which BPO		*n*	*347*	-	*347*	*294*	-	*294*	*298*	-	*298*
- of which women		*n*	*568*	*38*	*606*	*497*	*31*	*528*	*375*	*25*	*400*
part-time		n	3,620	12	**3,632**	2,787	16	**2,803**	2,721	11	**2,732**
- of which BPO		*n*	*3,452*	-	*3,453*	*2,653*	-	*2,653*	*2,620*	-	*2,620*
- of which women		*n*	*2,832*	*4*	*2,836*	*2,152*	*7*	*2,159*	*2,122*	*8*	*2,130*

(*) calculated as employees with CCNL / employees at 31/12.

	GRI standard	U.M.	2019			2018			2017		
INCOMING AND OUTGOING STAFF			**ITALY**	**ABROAD**	**TOTAL**	**ITALY**	**ABROAD**	**TOTAL**	**ITALY**	**ABROAD**	**TOTAL**
Incoming by age											
under 30		n	338	7	**345**	411	9	**420**	232	9	**241**
between 30 and 50	401-1	n	902	8	**910**	*776*	*23*	**799**	606	13	**619**
over 50		n	236	1	**237**	*201*	*0*	**201**	82	3	**85**
Incoming by gender											
men	401-1	n	411	10	**421**	539	19	**558**	420	20	**440**
women		n	1,065	6	**1,071**	849	13	**862**	500	5	**505**
Incoming by geographical area											
North Italy	401-1	n		**405**			**386**			**300**	
Central Italy		n		**782**			**478**			**110**	
South Italy and islands		n		**289**			**524**			**510**	
Abroad		n		**16**			**32**			**25**	
Outgoing by age											
under 30		n	146	3	**149**	315	3	**318**	149	2	**151**
between 30 and 50	401-1	n	296	14	**310**	528	16	**544**	471	20	**491**
over 50		n	64	1	**65**	81	4	**85**	74	0	**74**
Outgoing by gender											
men	401-1	n	194	15	**209**	379	17	**396**	260	14	**274**
women		n	312	3	**315**	545	6	**551**	434	8	**442**
Outgoing by geographical area											
North Italy	401-1	n		**215**			**234**			**442**	
Central Italy		n		**86**			**121**			**45**	
South Italy and islands		n		**205**			**569**			**207**	
Abroad		n		**18**			**23**			**22**	

(*) calculated as per the number of employees at 31/12
(*) calculated as (total incoming + total outgoing) /average number of employees

	GRI standard	U.M.	2019			2018			2017		
ANNUAL TURNOVER RATE			ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL
Total percentages											
Percentage total incoming (*)		%	28	12	**28**	35	24	**34**	25	19	**25**
Percentage total outgoing (*)	401-1	%	10	13	**10**	23	17	**23**	19	17	**19**
Turnover rate (*)		%	42	25	**41**	58	41	**57**	44	37	**44**
Percentage incoming by age											
under 30		%	47	39	**47**	65	53	**64**	47	60	**47**
between 30 and 50	401-1	%	26	8	**26**	27	21	**27**	23	13	**22**
over 50		%	23	5	**22**	27	0	**26**	14	21	**14**
Percentage incoming by gender											
men	401-1	%	23	11	**22**	34	19	**33**	33	21	**32**
women		%	31	14	**31**	32	34	**32**	20	15	**20**
Percentage incoming by geographical area											
North Italy		%		**21**			**25**			**22**	
Central Italy	401-1	%		**42**			**35**			**10**	
South Italy and islands		%		**20**			**39**			**40**	
Abroad		%		**12**			**23**			**19**	
Percentage outgoing by age											
under 30		%	20	17	**20**	50	18	**49**	30	13	**30**
between 30 and 50	401-1	%	9	14	**9**	19	15	**18**	18	20	**18**
over 50		%	6	5	**6**	11	31	**11**	13	0	**12**
Percentage outgoing by gender											
men	401-1	%	11	16	**11**	24	17	**23**	20	14	**20**
women		%	9	7	**9**	21	16	**21**	17	24	**17**
Percentage outgoing by geographical area											
North Italy		%		**11**			**15**			**32**	
Central Italy	401-1	%		**5**			**9**			**4**	
South Italy and islands		%		**14**			**42**			**16**	
Abroad		%		**13**			**17**			**17**	

(*) calculated as per the number of employees at 31/12
(*) calculated as (total incoming + total outgoing) /average number of employees

Wellness at work

	GRI standard	U.M.	2019			2018			2017		
ABSENTEEISM			ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL
Total hours of absence (*)	403-2	**n**	**347,858**	**9,911**	**357,769**	**185,893**	N.A.	**185,893**	**110,275**	N.A.	**110,275**
- of which women		*n*	*248,707*	*4,098*	**252,805**	*125,217*	N.A.	*125,217*	*83,617*	N.A.	*83,617*
Total working hours		**n**	**7,604,962**	**241,260**	**7,846,222**	**5,855,468**	N.A.	**5,855,468**	**4,436,113**	N.A.	**4,436,113**
- of which women		*n*	*4,603,297*	*60,314*	**4,663,611**	*3,523,403*	N.A.	*3,523,403*	*2,774,071*	N.A.	*2,774,071*
Absenteeism rate - total		**%**	**4.6**	**4.1**	**8.7**	**3.2**	N.A.	**3.2**	**2.5**	N.A.	**2.5**
Absenteeism rate - men		%	3.3	3.2	**6.5**	*2.6*	N.A.	*2.6*	*1.6*	N.A.	*1.6*
Absenteeism rate - women		%	5.4	6.8	**12.2**	*3.6*	N.A.	*3.6*	*3.0*	N.A.	*3.0*

(*) Does not include hours of absence due to holidays, public holidays, study leave, parental leave and leave for bereavement and serious family reasons.

Training and development

	GRI standard	U.M.	2019 (**)	2018 (*)	2017 (*)
Staff training					
Hours of training provided to employees					
Total hours		**n**	**63,015**	**14,513**	**28,698**
- of which professional training	404-1	*n*	*45,985*	*3,628*	*14,156*
- of which mandatory training (***)			*17,030*	*10,885*	*14,542*
Breakdown of training hours by gender					
men	404-1	n	37,741	8,271	10,106
women			25,274	6,243	18,592
Breakdown of training hours by classification					
executives	404-1	n	405	294	1,200
middle managers			1,832	386	1,408
white-collar workers			60,531	13,764	25,809
blue-collar workers			248	70	281
Breakdown of training hours by area of operation					
ICT area	404-1	n	52,027	8,671	14,956
BPO area			19,988	5,843	13,742
Average hours of training (****)					
Total average hours	404-1	n	**11.8**	**3.4**	**7.6**
average hours men			19.8	5.2	7.9
average hours women			7.3	2.4	7.4
average hours executives			10.4	8.9	66.7
average hours middle managers			23.8	6.1	29.3
average hours white collar workers			11.6	3.3	7
average hours blue collar workers			8.0	5	23.4
average hours ICT area			33.7	6.7	5.1
average hours BPO area			2.9	2	16.1

(*) data referring to Italy only
(**) data referring to the Italy and abroad
(***) includes training courses on: company quality and policies, health and safety, anti-corruption, privacy, model 231.
(****) calculated as the ratio of training hours provided and employees at 31/12.

Health and Safety

	GRI standard	U.M.	2019			2018			2017		
ACCIDENTS REPORTED			ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL
Accidents reported (*)											
Accidents not related to travel		n	29	-	**29**	25	2	**27**	9	4	**13**
- of which women		*n*	*22*	-	*22*	*18*	*0*	*18*	*3*	*1*	*4*
Related to travel		n	56	-	**56**	34	0	**34**	11	0	**11**
- of which women		*n*	*35*	-	*35*	*21*	*0*	*21*	*7*	*0*	*7*
Total accidents		**n**	**85**	**-**	**85**	**59**	**2**	**61**	**20**	**4**	**24**
- of which women		*n*	*57*	-	*57*	*39*	*0*	*39*	*10*	*1*	*11*
ACCIDENT INDICES											
Days lost due to accidents											
Due to non-travel related accidents		n	638	-	**638**	483	N.A.	**483**	92	N.A.	**92**
- of which women		*n*	*441*	-	*441*	*272*	*N.A.*	*272*	*31*	*N.A.*	*31*
Due to-travel related accidents		n	2,075	-	**2,075**	547	N.A.	**547**	257	N.A.	**257**
- of which women		*n*	*1,048*	-	*1,048*	*404*	*N.A.*	*404*	*173*	*N.A.*	*173*
Total days lost		**n**	**2,713**	**-**	**2,713**	**1,030**	N.A.	**1,030**	**349**	N.A.	**349**
- of which women		*n*	*1,489*	-	*1,489*	*676*	*N.A.*	*676*	*204*	*N.A.*	*204*
Hours worked (millions)											
men		n	2.603	0.181	**2.784**	2.271	N.A.	**2.271**	1.635	N.A.	1.635
women		n	3.681	0.061	3.742	3.398	N.A.	**3.398**	2.691	N.A.	2.691
Total hours worked		**n**	**6.284**	**0.242**	**6.527**	**5.669**	N.A.	**5.669**	**4.326**	N.A.	**4.326**
Frequency indices (**)											
Total Frequency (with travel-related accidents)	403-2	n	13.53	-	13.02	10.41	N.A.	**10.41**	4.62	N.A.	**4.62**
- total frequency women		*n*	*15.48*	-	*15.23*	*11.48*	*N.A.*	*11.48*	*4.09*	*N.A.*	*4.09*
Frequency (without travel-related accidents)		n	4.61	-	4.44	4.41	N.A.	**4.41**	2.08	N.A.	**2.08**
Severity indices (***)											
Total severity (with travel-related accidents)	403-2	n	0.43	-	0.42	0.18	N.A.	**0.18**	0.08	N.A.	**0.08**
- total severity women		*n*	*0.40*	-	*0.40*	*0.20*	*N.A.*	*0.20*	*0.08*	*N.A.*	*0.08*
Severity (without travel-related accidents)		n	0.10	-	0.10	0.09	N.A.	**0.09**	0.02	N.A.	**0.02**
OCCUPATIONAL DISEASES											
Reports submitted	403-2	n	0	0	**0**	0	N.A.	**0**	0	N.A.	**0**
Occupational Diseases recognised		n	0	0	**0**	0	N.A.	**0**	0	N.A.	**0**

(*) with absence from work of more than 1 day
(**) calculated as the number of accidents/million hours worked
(***) calculated as days of absence / thousands of hours worked

Energy and environment (*)

	GRI standard	U.M.	2019 (**)	2018 (**)	2017
Energy consumption					
Consumption from non-renewable sources	302-1	GJ	**26,483**	**20,383**	**18,058**
Natural gas	302-1	GJ	2,774	2,598	2,566
Diesel (company fleet)	302-1	GJ	22,309	17,005	14,689
Petrol (company fleet)	302-1	GJ	1,373	739	725
LPG (company fleet)	302-1	GJ	28	41	78
Self-produced energy from renewable sources	302-1	GJ	**44**	**74**	**86**
Total direct consumption	302-1	GJ	**26,527**	**20,457**	**18,144**
Electricity supplied (from non-renewable sources)	302-1	GJ	7,714	7,520	6,440
Total indirect consumption	302-1	GJ	**7,714**	**7,520**	**6,440**
Total energy consumption	302-1	GJ	**34,241**	**27,829**	**24,412**
Energy intensity (***)	302-3	GJ/ thousands of hours worked	5.4	4.9	5.6
Greenhouse gas emissions					
Emissions Scope 1	305-1	tonnes CO_2	1,899	1,454	1,283
Emissions Scope 2	305-2	tonnes CO_2	639	661	566
Total Greenhouse gas emissions		**tonnes CO_2**	**2,538**	**2,115**	**1,849**

(*) The environmental data refers to Italy and also includes TBS IT, currently excluded from the scope of the Consolidated Financial Statements and from the Consolidated Non-Financial Statement. Foreign data are not material.
(**) The consumption of natural gas and electricity was calculated from invoices received or estimated on the basis of the cost historically incurred for the same. For the data centres, a consumption of 5 KWh has been estimated for each rack equivalent (10 racks in 2019). The consumption data of the company's fleet were obtained from the data summarised on the portal of the external fuel supplier. To convert all consumption data into GJ and calculate CO_2 - emissions - scope 1 - the national standard parameters published on the website of the Ministry of the Environment and covering the years 2017-2019 were used. For the calculation of CO_2 emissions - scope 2 - the most recent emission factor of gross electricity production was used (2018: ISPRA source on Terna data).
(***) calculated as total energy consumption in GJ / thousands of hours worked

	GRI standard	U.M.	2019 (*)	2018 (*)	2017 (*)
Water withdrawals					
Withdrawal from the water grid (**)		m3	8,671	7,402	5,084
Total withdrawals		**m3**	**8,671**	**7,402**	**5,084**

(*) data referring to Italy only
(**) consumption is indicated from invoices and for locations where it is not possible to derive the consumption figure, this is estimated on the basis of the cost incurred.

	GRI standard	U.M.	2019	2018	2017
Supply Chain					
Suppliers and procurement					
Total active suppliers (*)	102-9	n	**1,418**	1,442	1,239
Value of purchased goods and services(**)	102-9	thousands €	**68,144**	72,771	67,396
Supplies by geographical area (***)					
Italian Suppliers	204-1	%	**91.91**	94.81%	93.96%
Foreign Suppliers	204-1	%	**8.09**	5.19%	6.04%
Procurement by categories					
Goods	102-9	%	**16.97**	18.53%	15.93%
Services	102-9	%	**83.03**	81.47%	84.07%

(*) suppliers who have received at least one order or contract during the year
(**) value of the purchase.
(***) attributed on the basis of the supplier's location

GRI Standard matching table

GRI Standard	Description of the indicator	Document Page No.	Omissions
	GENERAL STANDARD DISCLOSURES		
ORGANISATION PROFILE			
102-1	Organisation name	p. 3	
102-2	Main activities, brands, products and/or services	p. 5	
102-3	Location of the head office	p. 6	
102-4	Countries of operation	pp. 6, 8	
102-5	Ownership structure and legal form	pp. 15-16	
102-6	Markets served	p. 6	
102-7	Organisation size	Report on operations	
102-8	Number of employees by contract type, region and gender	pp. 27-28, 40-41	
102-10	Significant changes during the reporting period regarding Group size, structure, ownership, or supplier chain	Report on operations, p.7	
102-15	Description of main impacts, risks and opportunities	pp. 8-11, 18-19	
102-16	Values, principles, standards, codes of conduct and ethical codes	pp. 17, 20	
102-17	Description of mechanisms for reporting behaviour that is unethical or illegitimate	p. 20	
102-18	Governance structure of the organisation, including committees of the highest governance body. Presence of other committees responsible for making choices on social-environmental issues	pp. 15-16	
102-41	Employees covered by collective bargaining agreements	pp. 28, 41	
102-45	List of entities included in and excluded from the consolidated financial statements and those not included in the Sustainability Report	p. 37	
102-46	Process for content definition	p. 36	
102-47	Material aspects identified	p. 36	
102-50	Reporting period	p. 36	
102-52	Reporting frequency	Annual	
102-53	Contacts and addresses for financial statement information	Back cover	
102-54	GRI content index	pp. 49-51	
102-56	External certification of the report	pp. 52-54	
	ECONOMIC PERFORMANCE		
AREA: INDIRECT ECONOMIC IMPACTS			
103-1, 103-2, 103-3	Method of management	pp. 23-25	
203-1	Investments in infrastructure and supported services	pp. 23-24	
AREA: SUPPLY CHAIN			
102-9	Description of the supply chain	pp. 12.48	
204-1	Value of supplies from local suppliers	pp. 12.48	
AREA: ANTI-CORRUPTION			
103-1, 103-2, 103-3	Method of management	p. 20	

GRI Standard	Description of the indicator	Document Page No.	Omissions
205-3	Established cases of corruption and actions taken	p. 20	
AREA: ANTI-COMPETITIVE BEHAVIOR			
103-1, 103-2, 103-3	Method of management	pp. 17, 20	
206-1	Established cases or pending actions for infringement of competition rules	p. 20	
CATEGORY: ENVIRONMENTAL PERFORMANCE			
AREA: ENERGY			
103-1, 103-2, 103-3	Method of management	p. 34	
302-1	Energy consumption within the organisation	pp. 34, 47	
302-3	Energy intensity	pp. 34, 47	
AREA: WATER			
103-1,103-2 103-3	Method of management	p. 35	
303-1	Water withdrawals by source	pp. 35, 47	
AREA: EMISSIONS			
103-1, 103-2, 103-3	Method of management	p. 34	
305-1	Direct greenhouse gas emissions (Scope 1)	pp. 34, 47	
305-2	Indirect greenhouse gas emissions (scope 2)	pp. 34, 47	
CATEGORY: SOCIAL PERFORMANCE			
AREA: EMPLOYMENT			
103-1, 103-2, 103-3	Method of management	pp. 27-29	
401-1	Total number and rate of new hires and staff turnover	pp. 42-43	
AREA: OCCUPATIONAL HEALTH AND SAFETY			
103-1, 103-2, 103-3	Method of management	p. 32	
403-2	Type of accidents, accident rate, occupational diseases, lost days of work and absenteeism and number of work-related fatalities	pp. 32, 44-46	
AREA: TRAINING AND EDUCATION			
103-1, 103-2, 103-3	Method of management	pp. 30-31	
404-1	Average training time per employee	pp. 31, 45	
AREA: DIVERSITY AND EQUAL OPPORTUNITIES			
103-1, 103-2, 103-3	Method of management	pp. 29-30	
405-1	Composition of governance bodies and staff by category with respect to gender, age, belonging to protected categories and other indicators of diversity	pp. 15, 39-40	
AREA: NON-DISCRIMINATION			
103-1, 103-2, 103-3	Method of management	p. 21	
406-1	Discrimination incidents occurring over the period	p. 21	
AREA: CONSUMER SAFETY			
103-1, 103-2, 103-3	Method of management	pp. 23-24	

GRI Standard	Description of the indicator	Document Page No.	Omissions
416-2	Non-compliance in relation to health and safety impacts of products and services	p. 23	
AREA: CUSTOMER PRIVACY			
103-1, 103-2, 103-3	Method of management	p. 21	
418-1	Complaints regarding privacy violations and data loss	p. 21	
AREA: SOCIO-ECONOMIC COMPLIANCE			
103-1, 103-2, 103-3	Method of management	pp. 17, 20	
419-1	Cases of non-compliance with socio-economic regulations	p. 20	
MATERIAL TOPIC: IDENTITY AND INTEGRATION			
103-1, 103-2, 103-3	Method of management	p. 4	
MATERIAL TOPIC: SERVICE QUALITY AND CONTINUITY			
103-1, 103-2, 103-3	Method of management	pp. 23-24	
MATERIAL TOPIC: OPEN INNOVATION			
103-1, 103-2, 103-3	Method of management	pp. 8-11	
MATERIAL TOPIC: LEADERSHIP			
103-1, 103-2, 103-3	Method of management	pp. 4, 31	

Summary of Shareholders' Meeting Resolutions

05

• SUMMARY RECORD OF VOTES ON ITEMS ON THE SHAREHOLDERS' MEETING AGENDA PURSUANT TO ART. 125-QUATER, PAR. 2, OF THE CONSOLIDATED FINANCE ACT (TUF)

The Ordinary Shareholders' Meeting of GPI S.p.A., held on single call on 28 April 2020 at the registered office in Trento, via Ragazzi del '99, 13, under the chairmanship of Fausto Manzana, with the sole participation of the Representative designated on the basis of the provisions of art. 106 of Decree Law No. 18 of 17 March 2020, due to the COVID-19 epidemiological emergency, bearer of a total of 10,678,436 ordinary shares out of the 15,909,539 ordinary shares in circulation, resolved to approve:

1. the financial statements as at 31 December 2019 of GPI S.p.A., which show a profit for the year of EUR 13,826,946.71, accompanied by the Directors' Report on Operations;

This resolution was adopted with the following majorities:

	NO. OF SHARES	% OF ORDINARY SHARES REPRESENTED	% OF ORDINARY SHARE CAPITAL
In favour	10,678,436	100.000	67.120
Against	-	-	-
Abstained	-	-	-
Did not vote	-	-	-
Total	**10,678,436**	**100.000**	**67.120**

2. the profit for the year, equal to EUR 13,826,946.71, will be allocated to the Extraordinary Reserve

This resolution was adopted with the following majorities:

	NO. OF SHARES	% OF ORDINARY SHARES REPRESENTED	% OF ORDINARY SHARE CAPITAL
In favour	10,678,436	100.000	67.120
Against	-	-	-
Abstained	-	-	-
Did not vote	-	-	-
Total	**10,678,436**	**100.000**	**67.120**

3.1 the remuneration policy for the year 2020, was approved with the following majorities:

	NO. OF SHARES	% OF ORDINARY SHARES REPRESENTED	% OF ORDINARY SHARE CAPITAL
In favour	10,639,226	99.633	66.873
Against	39,210	0.367	0.247
Abstained	-	-	-
Did not vote	-	-	-
Total	**10,678,436**	**100.000**	**67.120**

3.2 a favourable opinion on the remuneration paid to directors, statutory auditors and executives with strategic responsibilities in 2019, was expressed with the following majorities:

	NO. OF SHARES	% OF ORDINARY SHARES REPRESENTED	% OF ORDINARY SHARE CAPITAL
In favour	10,678,436	100.000	67.120
Against	-	-	-
Abstained	-	-	-
Did not vote	-	-	-
Total	**10,678,436**	**100.000**	**67.120**

4. the resolution adopted by the Shareholders' Meeting of 30 April 2019 regarding treasury shares was revoked as it was not implemented.

This resolution was adopted with the following majorities:

	NO. OF SHARES	% OF ORDINARY SHARES REPRESENTED	% OF ORDINARY SHARE CAPITAL
In favour	10,642,036	99.659	66.891
Against	36,400	0.341	0.229
Abstained	-	-	-
Did not vote	-	-	-
Total	**10,678,436**	**100.000**	**67.120**

Finally, the Shareholders' Meeting, so as not to prevent the GPI Group from being able to access the liquidity support measures for companies pursuant to Decree Law No. 23 of 8 April 2020, which envisages, among the conditions for the release of the relevant guarantees by SACE S.p.A., the failure to approve resolutions aimed at the repurchase of shares during 2020 by the Company requesting the loans and other Group companies, rejected the proposal to authorise the Board of Directors to purchase treasury shares.

This resolution was adopted with the following majorities:

	NO. OF SHARES	% OF ORDINARY SHARES REPRESENTED	% OF ORDINARY SHARE CAPITAL
In favour	105,210	0.985	0.661
Against	10,573,226	99.015	66.459
Abstained	-	-	-
Did not vote	-	-	-
Total	**10,678,436**	**100.000**	**67.120**

Via Ragazzi del '99, 13
38123 Trento TN

www.gpi.it
info@gpi.it