

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
TAS Tecnologia Avanzata Dei Sistemi S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TAS Tecnologia Avanzata dei Sistemi S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2017, the income statement and the comprehensive income statement, the statement of changes in shareholders' equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on goodwill and equity investments*Description of key audit matter*

The Company has recognised goodwill of Euro 15,393 thousand, allocated to the cash generating unit (CGU) called "TAS Rami", mainly deriving from acquisitions in previous years of business units operating, in particular, in the Italian market, as well as investments in foreign subsidiaries for Euro 8,643 thousand, net of a writedown of Euro 2,180 thousand made to the book value of the investment in TAS Helvetia SA.

As foreseen in IAS 36 "Impairment of assets", goodwill is not amortised but subjected to an impairment test at least once a year, by comparing the recoverable amount of each CGU - determined according to the value in use method - and the carrying amount, which takes into account both the goodwill and the other assets allocated to individual CGUs.

Investments in subsidiaries are valued at cost adjusted for impairment losses. Given the materiality of the negative difference between the carrying amount of these investments and the corresponding portion of equity, this is an indicator of impairment. In line with "IAS 36 Impairment of assets", in the presence of an impairment indicator, the Company carries out an impairment test by comparing the recoverable amount of the investments - determined according to the value in use method - and their carrying amount.

The valuation process adopted by management is complex and is based on a series of assumptions, such as the forecast cash flows, the appropriate discounting rate (WACC) and the long-term growth rate (g-rate). These assumptions are, by nature, influenced by future expectations regarding the evolution of external market conditions linked to the propensity of banks and other financial institutions, that are among the main customers of the Company and of foreign subsidiaries, to invest in software.

Considering the size of the goodwill and the significance of the negative differences between the book value of the above investments and the corresponding portion of equity, the subjectivity of the estimates relating to the determination of the cash flows and the key assumptions of the impairment test, as well as the negative results recorded by the Company and certain subsidiaries, despite the presence of a test result having a large margin of coverage, we considered the impairment test of goodwill was a key audit matter for the financial statements of the Company.

Notes 11 and 13 of the financial statements present, respectively, information about the goodwill and investments recognised, including the impairment test, which comprises a sensitivity analysis that describes the effects of changing the key assumptions used to carry out the impairment test.

Audit procedures adopted

With reference to this key audit matter, we firstly examined the approach taken by management to determine the value in use of the "TAS Rami" CGU and of the investments, analysing the methods and assumptions applied by management to carry out the impairment test, also with the support of experts from the Deloitte network, the following audit procedures were adopted:

- identification and understanding of the significant controls implemented by the Company over the impairment testing process;
- analysis of the reasonableness of the principal assumptions made to estimate their cash flows, including by recourse to data on the expected growth in revenues of the software sector and by obtaining other information from management that we deemed to be significant;
- analysis of actual data of the year and previous years in comparison with the original plan, in order to assess the nature of variances and the reliability of the planning process;

- assessment of the reasonableness of the discount rate (WACC) and the long-term growth rate (g-rate);
- verification of the mathematical accuracy of the model used to determine the value in use of the "TAS Rami" CGU and of the investments;
- verification that the carrying amount of the "TAS Rami" CGU and of the investments was determined properly and comparison with the value in use resulting from the impairment test;
- verification of the sensitivity analysis prepared by management.

We also examined the adequacy of the information provided by the Company about the impairment test and its consistency with the requirements of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of TAS Tecnologia Avanzata dei Sistemi S.p.A. has appointed us on April 29, 2015 as auditors of the Company for the years from December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of TAS Tecnologia Avanzata dei Sistemi S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of TAS Tecnologia Avanzata dei Sistemi S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of TAS Tecnologia Avanzata dei Sistemi S.p.A. as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of TAS Tecnologia Avanzata dei Sistemi S.p.A. as at December 31, 2017 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Masetti
Partner

Bologna, Italy
April 4, 2018