

Be

Interim Management Report
at 31 March 2018

(TRANSLATION FROM ITALIAN ORIGINAL WHICH REMAINS THE DEFINITIVE VERSION)

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1. Corporate Bodies

Board of Directors

- Carlo Achermann	<i>Chairman</i>
- Stefano Achermann	<i>Chief Executive Officer</i>
- Claudio Berretti	<i>Director</i>
- Anna Lambiase	<i>Director</i>
- Cristina Spagna	<i>Independent Director</i>
- Paola Tagliavini	<i>Independent Director</i>
- Davide Dattoli	<i>Independent Director</i>
- Gianluca Antonio Ferrari	<i>Independent Director</i>
- Claudio Roberto Calabi	<i>Independent Director</i>

The Board of Directors was appointed by the Shareholders' Meeting of 27 April 2017 for 3 years with term of office expiring on approval of the financial statements at 31 December 2019. The Director Claudio Roberto Calabi was appointed by the Shareholders' Meeting of 26 April 2018 in place of Director Alberto Mocchi, previously appointed by cooptation pursuant to art. 2386 of the Italian Civil Code on 19 July 2017 following the resignation of Director Umberto Quilici.

Board of Statutory Auditors

- Giuseppe Leoni	<i>Chairman</i>
- Rosita Natta	<i>Standing Auditor</i>
- Stefano De Angelis	<i>Standing Auditor</i>
- Roberta Pirola	<i>Alternate Auditor</i>
- Biones Ferrari	<i>Alternate Auditor</i>

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 23 April 2015 for 3 years, with term of office expiring on approval of the financial statements at 31 December 2017. At the natural expiration, the Board of Statutory Auditors has been renewed by the Shareholder's Meeting of 26 April 2018 or 3 years with term of office expiring on approval of the financial statements at 31 December 2020. In this regard, refer to paragraph "Events after 31 March 2018 and business outlook".

Control and Risk Committee

- Paola Tagliavini	<i>Independent Chairman</i>
- Claudio Roberto Calabi	<i>Independent Member</i>
- Gianluca Antonio Ferrari	<i>Independent Member</i>

The Control and Risk Committee was appointed by the Board of Directors of 27 April 2017 for 3 years with term of office expiring on approval of the financial statements at 31 December 2019. The Director Claudio Roberto Calabi was appointed by the Board of Directors of 3 May 2018 as Independent Member of the Control and Risk Committee in place of the Director Alberto Mocchi.

Remuneration and Appointments Committee

- Cristina Spagna	<i>Independent Chairman</i>
- Claudio Berretti	<i>Member</i>
- Davide Dattoli	<i>Independent Member</i>

The Remuneration and Appointments Committee was appointed by the Board of Directors of 27 April 2017 for 3 years with term of office expiring on approval of the financial statements at 31 December 2019.

Independent Auditors

- Deloitte & Touche S.p.A.

The independent auditors received their assignment at the Shareholders' Meeting of 10 May 2012

2. Summary income statement and statement of financial position

(amounts in EUR millions)

Key profitability indicators

	31.03.2018	31.03.2017
Revenue	33.5	31.2
EBITDA	4.8	4.4
EBIT	3.6	2.9
Profit (loss) before tax	3.1	2.1

Key equity and financial indicators

	31.03.2018	31.12.2017
Group Shareholders' Equity	56.0	52.8
Net Invested Capital	72.9	59.1
Net Operating Working Capital (NOWC)	23.7	13.6
Net Financial Position	(16.0)	(5.5)

Revenue by operating segment

	31.03.2018	31.03.2017
Business Consulting	22.1	23.9
ICT Solutions	11.4	7.3
TOTAL	33.5	31.2

Revenue by customer

	31.03.2018	31.03.2017
Banks	22.7	25.2
Insurance	8.0	3.3
Industry	1.6	2.2
Public Administration	0.6	0.5
Other	0.6	0.0
TOTAL	33.5	31.2

Value of production by geographic area

	31.03.2018	31.03.2017
Italy	21.3	18.9
DACH Region (Germany, Austria, Switzerland)	8.7	7.3
U.K.	2.7	4.2
Other	0.8	0.8
TOTAL	33.5	31.2

Group Headcount

	31.03.2018	31.12.2017
Executives	129	106
Middle Managers	126	117
White collar	860	875
Blue collar	2	2
Apprentices	20	14
TOTAL	1,137	1,114

3. Group Structure and Shareholders

The Be Group (Be for short) is one of the leading Italian players in the IT Consulting sector. The Group provides Business Consulting, Information Technology and Professional services. A combination of specialist skills, advanced proprietary technologies and a wealth of experience enable the Group to work with leading financial and insurance institutions and Italian industry to improve their competitive capacity and their potential to create value. With around 1,100 employees and branches in Italy, Germany, United Kingdom, Switzerland, Austria, Poland, the Ukraine and Romania, the Group recorded total revenues of Euro 33.5 million in the first quarter of 2018.

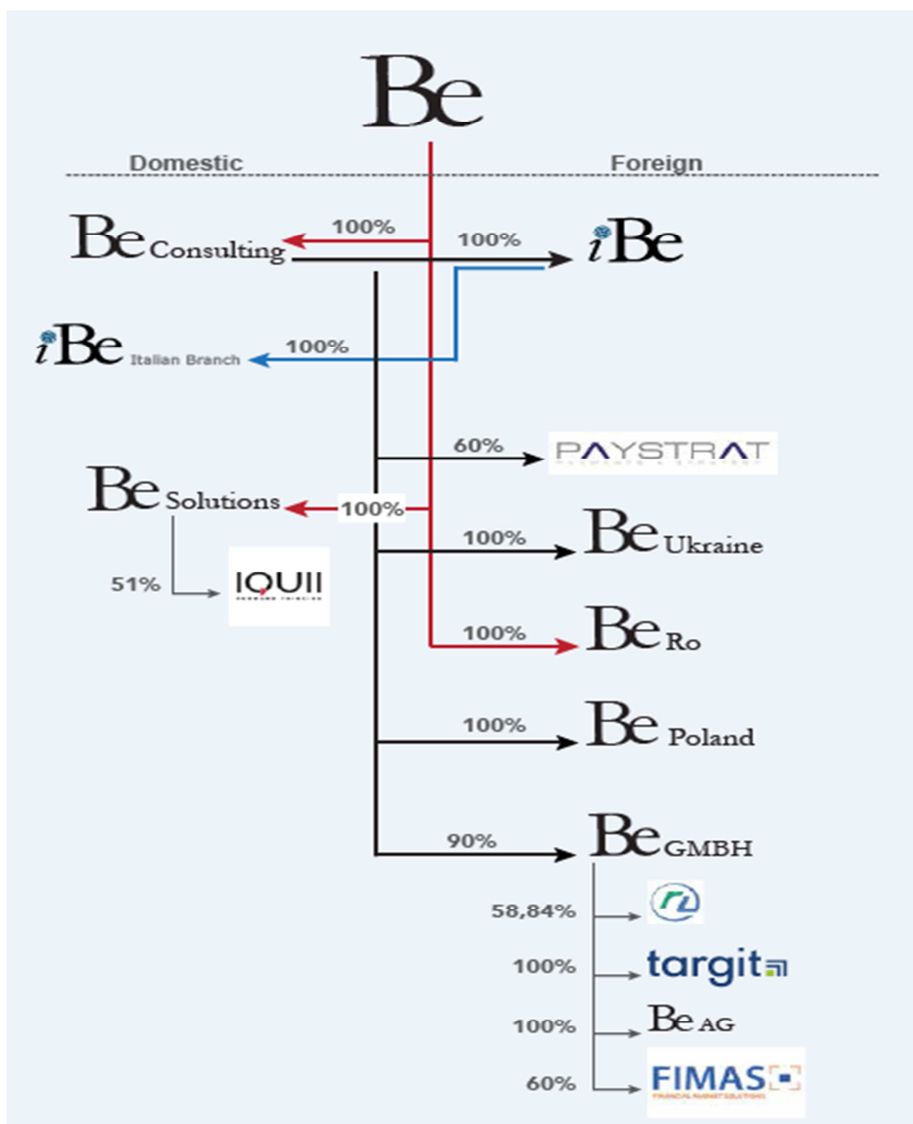
Be Think, Solve, Execute S.p.A. (shortly **Be S.p.A.**), listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and coordination of operating, strategic and financial decisions of the subsidiaries and through management and control of reporting flows in readiness for preparation of both annual and interim accounting documents.

At 31 March 2018 the number of shares outstanding totalled 134,897,272, and the shareholding structure - as indicated in disclosures pursuant to art. 120 of the "Consolidated Law on Finance" (TUF) and in relation to notices received in accordance with internal dealing regulations - was as follows:

Shareholders

	Nationality	No. of Shares	% Ordinary capital
Tamburi Investment Partners S.p.A.	Italian	31,582,225	23.41
iFuture Power in Action S.r.l.	Italian	13,519,265	10.02
Axxion S.A	Luxembourg	13,476,237	9.99
Stefano Achermann	Italian	7,771,132	5.76
LOYS Investment S.A	Luxembourg	6,893,251	5.11
Float		61,655,162	45.71
Total		134,897,272	100.00

The following chart shows the **Be Group** structure at 31 March 2018¹.



4. Business Model and operating segments

“Be” is a group specialising in the IT Consulting segment of the Financial Services sector. The organisation is divided by design into different specialisations: Business Consulting, ICT Solutions and platforms, and ICT Professional Services.

¹ The table above does not include Paystrat Solutions SL (Pyngo), 65.26% of which is held by Payments and Business Advisors S.L (Paystrat) and Confinity GmbH, 50% of which is held by Fimas GmbH, in addition to LOC Consulting Ltd and Be Sport, Media & Entertainment Ltd, which are controlled by iBe TSE Limited, and currently under liquidation.

I. BUSINESS CONSULTING

The business consulting segment focuses on the capacity to support the financial services industry in implementing business strategies and/or creating important plans for change. Its specialist skills are in constant development in the areas of payment systems, planning & control methods, regulatory compliance, information gathering and corporate governance systems for financial processes and asset management.;

No. of employees	623 employees at 31 March 2018.
Core business	Banking, Insurance.
Segment revenue at 31.03.2018	Euro 22.1 million.
Operative units	Rome, Milan, London, Kiev, Warsaw, Munich, Vienna, Zurich, Frankfurt, Madrid.

The Group's Business Consulting segment operates through the following subsidiaries:

- **Be Consulting S.p.A.** Established in 2008 the company operates in the sector of management consulting for financial institutions. Its aim is to provide support to the Systemically Important Financial Institutions (SIFIs) in creating value, with a particular focus on changes that affect business, the IT platforms and corporate processes. Be Think, Solve, Execute holds 100% of Be Consulting S.p.A.'s share capital.
- **iBe TSE Limited.** Based in London, this company operates on the UK and European market, focusing on financial services consulting, with a customer base with high profiles on the UK and international markets. It specialises in the banking and financial sectors, particularly providing support in the field of innovation and payment services. Since 2012, Be Consulting S.p.A. has held 100% of the company's share capital. In 2014, the company changed its name from the previous Bluerock Consulting Ltd.
- **Be Sport, Media & Entertainment Ltd.** Established in August 2014 and based in London, this company is 75% owned by iBe TSE Limited, and provides data analysis and enhancement services, loyalty programmes, digital distribution of proprietary content and the transformation of sports venues and large museums into cashless operations. Currently the Company has been placed under liquidation.
- **LOC Consulting Ltd.** A company whose registered office is in London, specialised in consulting services for the management of complex transformation programmes in the financial and public sectors in the UK. iBe TSE Limited holds 100% of the company's share capital. The assets of the Company have been transferred to the parent company and currently it has been placed under liquidation.
- **Be Ukraine LLC.** Established in Kiev in December 2012, it performs consulting and development activities for core banking systems and in the areas of accounting and bank reporting. Since the second quarter of 2017, Be Consulting S.p.A. has held 100% of the company's share capital.
- **Be Poland Think, Solve and Execute, sp zo.o.** Established in Warsaw in January 2013, since the second quarter of 2017, Be Consulting S.p.A. has held 100% of the company's share capital.
- **Be Think, Solve Execute GmbH (formerly Targit GmbH).** A company based in Munich, it specialises in ICT consulting services, primarily on the German, Austrian and Swiss markets, operating through its two wholly owned subsidiaries, Targit GmbH Wien based in Vienna and

Be TSE Switzerland AG based in Zurich. At 30 June 2017, Be Consulting S.p.A controlled the Group with a 90.00% interest.

- **R&L AG.** A company whose registered office is close to Munich 58.84% of which is owned by Be Think, Solve Execute GmbH, specialised in Consulting and IT solutions in the Payments sector and specifically as regards SWIFT.
- **FIMAS GmbH.** A company based in Frankfurt, 60% of which is held by Be Think, Solve Execute GmbH, specialised in consulting services and IT for asset managers, Stock Markets, CSD, clearing houses and custodian banks. The company holds a participation in Confinity GmbH equal to 50%.
- **Payments and Business Advisors S.L.** (tradename **Paystrat**). A company based in Madrid, 60% of which is held by Be Consulting S.p.A., specialised in advisory services for operators in the payments industry, in areas such as digital wallets, loyalty and market intelligence. The company holds a participation in Paystrat Solutions S.L. equal to 65.26%.

II. ICT SOLUTIONS

The ICT Solutions segment is able to bring together business skills and technology solutions, products and platforms, creating theme-based business lines also as part of highly specialised segment-leading applications;

No. of employees	467 employees at 31 March 2018.
Core business	Banking, Insurance, Energy and Public Administration.
Segment revenue at 31.03.2018	Euro 11.4 million.
Operative units	Rome, Milan, Turin, Spoleto, Pontinia, Bucharest.

The Be Group operates in the ICT Solutions segment through the following subsidiaries:

- **Be Solutions S.p.A.** aims to offer specialised system integration services for proprietary products/platforms or those of third-party market leaders. In recent years, special skills have been developed in corporate control and governance systems, in the insurance sector, the management of multi-channel systems and billing systems for the utilities segment. Cooperation agreements and partnerships are currently in place with a number of the major players in the ICT industry (Oracle, Microsoft, IBM). The partnerships regard: retailing of catalogue software products, access to training courses and HR certification, as well as professional training on the main product developments in the sector of the two providers. Note that on 25 September 2017, the deed of merger by incorporation of Be Professional Services S.p.A. and Be Enterprise, Process Solutions S.p.A. into Be Solutions Solve, Realize & Control S.p.A. was signed. These companies operate in the segment of ICT services and the development of services, solutions and platforms in BPO/DMO with a view to implementing/managing “Business Process Outsourcing”, namely the outsourcing of entire business processes through the use of technological solutions and the contribution of specialised resources.
- **Be Think Solve Execute RO S.r.l.** established in July 2014 and based in Bucharest. The company develops the Group’s “near shoring” operations involving high complexity projects in the System Integration segment.
- **Iquii S.r.l.** established in 2011, it specialises in the development of web and mobile applications, in the design of wearables and in the management of the Internet of Things; in addition, it has significant expertise in managing social media, integrated marketing and digital PR.

5. Presentation criteria

The Interim Management Report at 31 March 2018 is not audited and was prepared in accordance with the provisions of art. 154-ter del D.Lgs. n. 58/1998 (Consolidated Law on Finance).

The Interim Management Report has been prepared in accordance with international accounting standards IAS/IFRS, issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission following the entry into force of European Regulation no. 1606/2002 and specifically on the basis of international accounting standard IAS 34 - Interim Financial Reporting, applicable to interim financial reports.

The Interim Management Report includes a concise disclosure on the financial statements, comprised by the income statement and the statement of financial position, the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity. The information provided in the statement of financial position refers to 31 March 2018 and 31 December 2017. The information provided in the income statement regards the situation before taxes at 31 March of fiscal years 2018 and 2017. The consolidated statement of cash flows indicates cash flows during the quarter and classified as operating, investing or financing activities.

The figures are provided on a consolidated basis and presented on the basis of the Euro; all of the amounts are shown in thousands unless otherwise indicated and there could be differences in the unit amounts shown in the tables below due to rounding.

One of the main indicators adopted to assess the economic and financial performance of the Group is the Gross Operating Margin, or Earnings before Interests, Taxes, Depreciation & Amortization (EBITDA) - an indicator not envisaged by the IFRS (Communication CERS/05-178b).

5.1 Notes regarding the scope of consolidation

The scope of consolidation includes the Parent Company Be S.p.A. and the companies under its direct or indirect control.

Compared to 31 December 2017 the scope of consolidation has remained unchanged.

5.2 Discretionary measurements and significant accounting estimates

The Interim Management Report at 31 March 2018 requires discretionary measurements and accounting estimates that have an effect on the value of statement of financial position assets and liabilities and on disclosures. The final results could differ from such estimates.

The estimates are used to measure goodwill, to recognise credit risk provisions, to determine write-downs on investments or assets, amortisation and depreciation and provisions for risks and charges.

The estimates and assumptions are periodically reviewed and the effects of any change are immediately reflected in the income statement.

6. Disclosure on operating performance

The Consolidated Income Statement is shown below, restated at 31 March 2018, and is compared with the corresponding period of the previous year.

One of the main indicators adopted to assess the economic and financial performance of the Group is the Gross Operating Margin, or Earnings before Interests, Taxes, Depreciation & Amortisation (EBITDA) - an indicator not envisaged by the IFRS (Communication CERS/05-178b).

It should be noted that the term “Value of Production” used in this report is to be intended as a synonym of the statement “Total Revenues”, used in the report “Restated Consolidated Income Statement” at paragraph 9 “Financial statements”.

6.1 Group economic performance

Value of Production amounted to Euro 33.5 million compared to Euro 31.2 million during the corresponding period of previous year, increasing of Euro 2.3 million (+7.4%).

Operating revenue was Euro 33.3 million, increasing of 8.1% compared to 31 March 2017 (Euro 30.8 million).

The improve in operating revenue is mainly due to the ICT segment (+58.3%), while the Business Consulting segment recorded a decrease of 7.0%. The revenue recorded by foreign subsidiaries (corresponding to 36.6% of total operating revenue) amounted to Euro 12.2 million, in line with 31 March 2017 (Euro 12.1 million).

Operating costs increased by around Euro 1.9 million compared to the first quarter of previous year (+7.9%), in particular:

- service costs amounted to around Euro 12.5 million (+6.6%);
- personnel cost amounted to Euro 16.8 million (+7.6%);
- the capitalisation of costs, mainly personnel-related, incurred on software platform development projects amounted to Euro 0.8 million, (-7.2%).

The gross operating margin (EBITDA) was Euro 4.8 million, up 9.5% compared to the corresponding period of previous year (Euro 4.4 million). The EBITDA margin was 14.4% compared to 14.2% of the first quarter of 2017.

Amortisation totalled Euro 1.3 million decreasing by Euro 0.2 million compared to the corresponding period of previous year (Euro 1.5 million). Write-downs and provisions show a balance close to zero equal to the corresponding period of previous year.

Operating profit (loss) (EBIT) was Euro 3.6 million, highly increasing (+21.4%) compared to 31 March 2017 (Euro 2.9 million). The EBIT margin stood at 10.6% compared to 9.4% in 2017.

Profit (loss) before tax from continuing operations was Euro 3.3 million, increasing of 32.4% compared to 31 March 2017 (Euro 2.5 million).

Group profit (loss) before tax was Euro 3.1 million compared to Euro 2.1 million at 31 March 2017.

At 31 March 2017 discontinued operations had no impact on the income statement, therefore the costs and revenue recognised in the consolidated income statement refer solely to “continuing operations”.

The Restated Consolidated Income Statement at 31 March 2018 compared to the amounts of 31 March 2017 is shown below.

Restated Consolidated Income Statement

<i>Amounts in EUR thousands</i>	Q1 2018	Q1 2017	Δ	Δ (%)
Operating revenue	33,328	30,811	2,517	8.2%
Other operating revenue and income	159	356	(197)	(55.3%)
Value of production	33,487	31,167	2,320	7.4%
Cost of raw materials and consumables	(50)	(64)	14	(21.9%)
Cost of services and use of third-party assets	(12,498)	(11,729)	(769)	6.6%
Personnel costs	(16,766)	(15,584)	(1,182)	7.6%
Other costs	(161)	(262)	101	(38.5%)
Internal capitalisations	820	884	(64)	(7.2%)
Gross Operating Margin before provisions and write-downs (EBITDA)	4,832	4,412	420	9.5%
Amortisation and depreciation	(1,274)	(1,481)	207	(14.0%)
Write-downs and provisions	0	(1)	1	(100.0%)
Operating Profit (Loss) (EBIT)	3,558	2,930	628	21.4%
Net financial income and expense	(272)	(448)	176	(39.3%)
Value adjustments to financial assets	0	0	0	n.a.
Profit (loss) before tax from continuing operations	3,286	2,482	804	32.4%
Net profit (loss) from discontinued operations	0	0	0	n.a.
Consolidated profit (loss) before taxes	3,286	2,482	804	32.4%
Minority interests before taxes	186	392	(206)	(52.6%)
Group profit (loss) before taxes	3,100	2,090	1,010	48.3%

6.2 Segment reporting

The disclosure required by IFRS 8 is provided taking into account the organisational structure of the Group, which includes the following business areas:

- **Business Consulting:**

Business Unit: active in the business consulting sector. This business unit operates through Be Consulting Think, Project & Plan S.p.A., iBe Solve Execute Ltd, Be Ukraine Think, Solve, Execute S.A., Be Poland Think, Solve, Execute Sp.zo.o., Be Think, Solve Execute GmbH, Targit GmbH, Be TSE Switzerland AG, Be Sport, Media & Entertainment Ltd, Loc Consulting Ltd, R&L AG, Fimas GmbH, Payments and Business Advisors S.L..

- **ICT Solutions:**

Business Unit: active in the provision of integrated solutions and systems for the financial services, insurance and utilities sectors. This business unit covers the activities performed by Be Solutions Solve Realize & Control S.p.A , Be Think Solve Execute RO S.r.l. and Iquii S.r.l..

The structure of the disclosure reflects that of the reports periodically analysed by management and by the Board of Directors to manage the business and is the subject of periodic management reporting and planning.

The Parent Company's activities and those of residual businesses are indicated separately.

The economic position of the Group at 31 March 2018, compared with that of 31 March 2017, is reported below, separating continuing operations from discontinued operations

Breakdown by operating segment 1 January 2018 - 31 March 2018

	Consulting	ICT Solutions	Corporate and other	Discont.	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	23,135	12,455	1,254	0	(3,516)	0	33,328
Other revenue	345	129	62	0	(376)	0	159
Value of production	23,480	12,584	1,316	0	(3,892)	0	33,487
Operating Profit (Loss) (EBIT)	1,005	3,334	(780)	0	(1)	0	3,558
Net financial expense	(176)	(143)	46	0	1	0	(272)
Profit (loss) for the period	707	3,126	(734)	0	0	0	3,100

Breakdown by operating segment 1 January 2017 - 31 March 2017

	Consulting	ICT Solutions	Corporate and other	Discont.	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	23,665	8,837	1,154	0	(2,845)	0	30,811
Other revenue	297	304	326	0	(571)	0	356
Value of production	23,962	9,141	1,480	0	(3,416)	0	31,167
Operating Profit (Loss) (EBIT)	3,414	45	(530)	0	0	0	2,930
Net financial expense	(304)	(197)	70	0	(18)	0	(448)
Profit (loss) for the period	3,110	(151)	(460)	0	(18)	(392)	2,090

The operating segment values illustrated are gross of *intercompany* transactions with other Group companies from different segments, whilst the value of production by operating segment and by customer type is shown net of all *intercompany* transactions between Group companies.

The breakdown of value of production by operating segment is provided below:

Value of production by operating segment

<i>Amounts in EUR millions</i>	Q1 2018	%	Q1 2017	%	Δ (%)
Business Consulting	22.1	66.0%	23.9	76.6%	(7.5%)
ICT Solutions	11.4	34.0%	7.3	23.4%	56.2%
TOTAL	33.5	100.0%	31.2	100.0%	7.4%

An analysis of the breakdown of Value of production by operating segment shows that:

- as regards Consulting business area, the decrease of revenues (equal to 7.5%) recorded in the first quarter of 2018 compared to the first quarter of 2017 is due to a reduction of

activities on major projects;

- as regards ICT activities, revenues recorded an increase of 56.2% compared to the first quarter of 2017 due to the insurance market.

The breakdown of value of production by customer type is shown below:

Value of production by customer

<i>Amounts in EUR millions</i>	Q1 2018	%	Q1 2017	%	Δ (%)
Banks	22.7	81.0%	25.2	81.9%	(6.3%)
Insurance	8.0	10.2%	3.3	9.9%	(2.9%)
Industry	1.6	7.2%	2.2	7.5%	(8.8%)
Public Administration	0.6	1.6%	0.5	0.7%	n.a.
Other	0.6	0.0%	0.0	0.0%	n.a.
TOTAL	33.5	100.0%	31.2	100.0%	(5.1%)

The breakdown of value of production by geographic area is shown below:

Value of production by geographic area

<i>Amounts in EUR millions o</i>	Q1 2018	%	Q1 2017	%	Δ (%)
Italy	21.3	63.4%	18.9	60.5%	12.6%
DACH Region (Germany, Austria, Switzerland)	8.7	26.1%	7.3	23.4%	20.0%
U.K. and Spain	2.7	8.0%	4.2	13.4%	(36.2%)
Other	0.8	2.5%	0.8	2.7%	0.1%
TOTAL	33.5	100.0%	31.2	100.0%	7.4%

At 31 March 2018 the 63.4% of production was originated in the domestic market and the remaining 36.6% was generated by the foreign companies.

The DACH Region (DE, AUT and SUI) continues to account for a significant and growing share, contributing Euro 8.7 million to revenue generation, up 20% compared to the first quarter of 2017.

The EEC Region (Poland, Ukraine, Romania) was in line with the same period of previous year, while UK and Spain recorded a decrease contributing Euro 2.7 million to revenue generation in the first three months of 2018.

6.3 Group Headcount

The total number of the Be Group employees at 31 March 2018 was 1,137; the following table shows the Be Group employees by operating segment:

Group Headcount

	31.03.2018
Consulting	623
I.C.T.Solutions	467
Corporate	47
TOTAL	1,143

6.4 Breakdown of Group equity and financial positions

A summary consolidated statement of financial position at 31 March 2018, is shown below, compared to the same statement at 31 December 2017.

Restated Statement of Financial Position

<i>Amounts in EUR thousands</i>	31.03.2018	31.12.2017	Δ	Δ (%)
Non-current assets	85,867	85,995	(128)	(0.1%)
Current assets	37,160	28,600	8,560	29.9%
Non-current liabilities	(22,038)	(22,097)	59	(0.3%)
Current liabilities	(28,063)	(33,418)	5,355	(16.0%)
Net Invested Capital	72,926	59,080	13,846	23.4%
Shareholders' equity	56,942	53,563	3,379	6.3%
Net Financial Position	15,984	5,517	10,467	189.7%

Non-current assets are represented by goodwill for Euro 59.8 million, recognised at the time of business combinations, intangible assets for Euro 16.9 million, mostly relating to software, technical fixed assets for Euro 1.9 million, deferred tax assets for Euro 4.7 million and receivables and other non-current assets for Euro 2.2 million.

Current assets recorded a rise of Euro 8.6 million compared to 31 December 2017 mainly due to the increase in trade receivables for Euro 7.8 million and to the increase of other assets and tax receivables totaling Euro 0.8 million.

Non-current liabilities mostly refer to payables for post-employment benefits (TFR) of Euro 7.0 million, deferred tax liabilities of Euro 6.2 million and provisions for risks and charges of Euro 2.2 million, as well as other liabilities of Euro 6.6 million mainly relating to discounted payables for the remaining share of the purchase price of several consolidated companies to be paid to minority or former shareholders.

Current liabilities - mostly comprised of trade payables of Euro 9.3 million and other liabilities, including advances and payables for indirect taxes totaling Euro 18.7 million - recorded an overall reduction of Euro 5.4 million.

Consolidated shareholders' equity was Euro 56.9 million, compared to Euro 53.6 million at 31 December 2017.

The breakdown of Net working capital at 31 March 2018 is shown below:

<i>Amounts in EUR thousands</i>	31.03.2018	31.12.2017	Δ	Δ (%)
Inventories	15	15	0	0.0%
Trade receivables	32,994	25,240	7,754	30.7%
Trade payables	(9,334)	(11,667)	2,333	(20.0%)
Net Operating Working Capital (NOWC)	23,675	13,588	10,087	74.2%
Other short-term receivables	4,151	3,345	806	24.1%
Other short-term liabilities	(18,729)	(21,751)	3,022	(13.9%)
Net Working Capital (NWC)	9,097	(4,818)	13,915	n.a.

Net financial indebtedness at 31 March 2018 was Euro 16.0 million, compared to 5.5 million at 31 December 2017 and 15.6 million at 31 March 2017.

Note that the cash flow generation is affected by a certain degree of seasonality as regards the outlay necessary to advance activities in progress, the billing cycle and related collections, which traditionally leads to arranging cash outflows in advance during the first half of the year whereas collections are focused in the final quarter of the year.

Net financial indebtedness

<i>Amounts in EUR thousands</i>	31.03.2018	31.12.2017	Δ	Δ (%)
Cash and cash equivalents at bank	12,821	22,767	(9,946)	(43.7%)
A Cash and cash equivalents	12,821	22,767	(9,946)	(43.7%)
B Current financial receivables	23	591	(568)	n.a.
Current bank payables	(6,459)	(3,789)	(2,670)	70.5%
Current share of medium/long-term indebtedness	(12,310)	(12,968)	658	(5.1%)
Other current financial payables	(26)	(43)	17	(39.5%)
C Current financial indebtedness	(18,795)	(16,800)	(1,995)	11.9%
D Net current financial indebtedness (A+B+C)	(5,951)	6,558	(12,509)	n.a.
Non-current bank payables	(9,984)	(12,021)	2,037	(16.9%)
Other non-current financial payables	(49)	(54)	5	(9.3%)
E Net non-current financial indebtedness	(10,033)	(12,075)	2,042	(16.9%)
F Net financial position (D+E)	(15,984)	(5,517)	(10,467)	n.a.

With regard to items in the table on the consolidated net financial position, in addition to cash and cash equivalents of Euro 12.8 million (22.8 million at 31 December 2017), we also draw attention to:

- current payables to banks at 31 March 2018 amounting to around Euro 18.8 million (16.8 million at 31 December 2017) relating to:
 - current banks payables of Euro 6.5 million (Euro 3.8 million at 31 December 2017) mainly represented by:

- a) Euro 6.1 million in short-term credit facilities classed as “advances to suppliers” of 0.7 million, “accounts payable to suppliers” of 3.2 million and “current account overdraft” of 2.2 million;
- b) Euro 0.3 million in the short-term loan of Euro 3.0 million, to be settled at the beginning of April 2018;
 - around Euro 12.3 million (13.0 million at 31 December 2017) as the current portion of loans received;
 - other non-current financial payables mainly refer to interest accrued and not collected.
- non-current financial payables of Euro 10.0 million (12.0 million at 31 December 2017), mainly referred to payables to banks for unsecured medium/long-term loans due beyond 12 months;
- other non-current financial payables refer mainly to finance lease contracts.

6.5 Transactions with related party

Be Board of Directors adopted new “Regulations on Related Parties” on 1 March 2014, replacing those previously approved on 12 March 2010. For further details, this document is published on the Company web site (www.be-tse.it). Note that Be Board of Directors approved a new version of the procedure on related party transactions. The Procedure has been amended pursuant to Consob Regulation on Related Party Transactions (with resolution of 22 March) aimed to align the national regulation to the “Market Abuse Regulation”.

With regard to Related party transactions, including therein intercompany transactions, note that the same cannot be quantified as atypical or unusual, as part of the normal course of operations of Group companies. Said transactions are settled at arm’s length, on the basis of the goods and services provided.

The Be Group’s related parties with which economic and equity transactions were recognised at 31 March 2018 are: T.I.P. Tamburi Investment Partners S.p.A., IR Top S.r.l. and Talent Garden S.p.A. relating to existing service contracts.

With regard to Messrs Stefano Achermann and Carlo Achermann and the companies controlled by them - Carma Consulting S.r.l., iFuture S.r.l. and Innishboffin S.r.l - the economic transactions that took place in the period refer only to fees paid for the positions of Executive and Company Director of Group companies and, like remuneration for other members of the Board of Directors and Board of Statutory Auditors, are not included in the following tables.

The figures at 31 March 2018 for related party transactions are shown below:

Receivables and payables with related parties at 31 March 2018

	<i>Receivables</i>			<i>Payables</i>		
	Trade receivables	Other receivables	Financial receivables	Trade payables	Other payables	Financial payables
Related parties						
T.I.P. S.p.A				18		
IR Top				6		
Total Related Parties	0	0	0	24	0	0

Revenue and costs with related parties at 31 March 2018

	<u>Revenue</u>			Services	<u>Costs</u>	
	Revenue	Other Revenue	Financial Income		Other Costs	Financial charges
Related parties						
T.I.P. S.p.A				15	3	
C. Achermann				10		
Talent Garden				11		
IR Top				7		
Total Related Parties	0	0	0	43	3	0

7. Other disclosures

7.1 Main risks and uncertainties to which the Be Group is exposed

Detailed below are the main risks and uncertainties that could affect the business activities, financial conditions and prospects of the Company and the Group.

- **Risks associated with “Operating Performance”**

In order to further improve operating performance, the Company believes it is important to achieve the strategic objectives of the 2017-2019 Business Plan. This Plan, updated for the three-year period 2018 – 2020 for the purpose of *Impairment Testing* (hereinafter 2018-2020 Plan), was prepared by the Directors on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. The forecasts represent the best estimate of future events expected to arise and of action that management intends to take; these were estimated on the basis of final figures, orders already received or sales to be made to established customers, as such presenting a lower degree of uncertainty and therefore a higher probability of actually occurring. Vice versa, the assumptions relate to future events and action, fully or partly independent from management action. Consequently, the Directors acknowledge that the strategic objectives identified in the 2018-2020 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan and their extent and timing.

- **Risks associated with the “Financial Position”**

The Be Group is exposed to financial risks associated with its operations, particularly interest rate risk, liquidity risk, credit risk and the risk of cash flow fluctuations. In addition, essential upkeep of the bank credit facilities held is important to the Group in order to meet its overall current funding needs and to achieve the objectives of the 2018-2020 Plan.

- **Risks associated with “Goodwill Impairment”**

The Be Group could have a negative impact on the value of its shareholders’ equity if there should be any impairment to goodwill recognised in the financial statements at 31 March 2018 because of the incapacity to generate sufficient cash flows to satisfy those forecast and envisaged in the 2018-2020 Plan.

- **Risks associated with “Litigation Liabilities”**

The Be Group is involved in proceedings before various judicial authorities, divided into litigation cases as defendant - i.e. where the Company has been summoned by third parties - and cases as plaintiff where the Company has summonsed third parties.

- **Risks associated with “Restructuring” activities**

In recent years, the Be Group began a restructuring of its area of business with action necessary to reduce personnel, also through transfers. There is a risk of appeals against such action and the proceedings have given rise to prudential allocation of provisions in the company financial statements. Uncertainty remains in any event regarding the decisions of the authorities involved.

- **Risks associated with “Competition”**

The ICT consulting market is highly competitive. A number of competitors could be able to expand their product mix to our detriment. In addition, an intensification of the level of competition could affect Group business and the option of consolidating or widening its competitive position in the reference sectors, with subsequent repercussions on business and on the income, equity and financial positions.

- **Risks associated with “Technological Change”**

The Group operates in a market characterised by profound and continuous technological changes that call for a Group capacity to adapt quickly and successfully to such developments and to the changing technology needs of its customers. Any inability of the Group in adapting to new technologies and therefore to changes in the needs of its customers could have a negative impact on operating performance.

- **Risks related to dependence on key personnel**

The Group’s success depends largely on certain key personnel that have been a determining factor in its development, in particular the executive directors of the Parent Company. The Group companies also have an executive team with many years of experience in the field, playing a crucial role in managing the Group’s activities. The loss of any of these key figures without a suitable replacement, and the inability to attract and retain new, qualified resources, could have a negative impact on the Group’s prospects, business activities, operating performance and financial position. Management considers in any event that the Company has an operational and executive structure capable of ensuring management of corporate affairs as a going concern.

- **Risks associated with internationalisation**

As part of its internationalisation strategy the Group could be exposed to risks typical of international operations, including those relating to changes in the political, macroeconomic, tax and/or regulatory frameworks and to fluctuating exchange rates.

7.2 Investments in research and development

The Group’s research and development activities have always aimed to consolidate customer relations, develop new forms of business for them and acquire new customers. The main research and development conducted entails developing the Group-owned technological platforms; in particular, during the first quarter of 2018, investments mostly regarded the development and upgrade of the technological platforms “Universo Sirius” - relating to the management of Life

and Non-life insurance portfolios, “Archivia” - relating to the management of document processes and the development of the company’s internal IT system - by Be Solutions, as well as the platforms specialised in various areas of the banking industry by Be Tse GmbH. The Be Group will continue to invest in research and development, and also plan other project opportunities. These new initiatives will aim to expand the product mix, creating technology platforms for the provision of services to its customers.

7.3 Significant event in the period

Be signed a strategic collaboration agreement for the period 2018-2024 with a leading European group in the Bancassurance sector.

The agreement is aimed to sell the Company the perpetual license of the life platform already used by the Company and owned by Be. It also includes the platform technological evolution and the relevant support services for the next seven years. The contract has a total value of Euro 11.85 million for the full period, of which Euro 5.75 million are pertaining to the year 2018 for the license sale and the relevant evolutionary maintenance services.

The parties also formalized the terms and conditions for the further adoption of the solution in other companies of the Bancassurance Group elsewhere located. Be maintains the platform property rights.

8. Events after 31 March 2018 and business outlook

The Be Group has been selected as key partner to support one of the leading European banking groups in managing the SWIFT architecture transformation program. The two-year activity will be assigned through successive lots which – they are activated up to the completion of the whole program – will reach the total value of Euro 7.7 million.

This assignment allows Be to strengthen its presence in a strategic area of the financial sector. The complexity of the current architecture, the high level of technical specialization required for the execution, the international presence of the Banking Group and the ability to transfer skills are the distinctive factors of the program.

On 26 April 2018 the ordinary Shareholders’ Meeting in second convening, decided as follows:

- approval of Be S.p.A. financial statements as at 31 December 2017 and allocation of the operating profit, equal to Euro 1,299,554.13 to the legal reserve for Euro 64,977.71 and to retained earnings for Euro 1,234,576.42;
- distribution of gross dividends for a total of Euro 2,697,945.44, to be made payable on 23 May 2018 - coupon no. 8 detachment date 21 May 2018 and *record date* 22 May 2018, equal to Euro 0.0200 per share drawing on retained earnings for Euro 1,234,576.42 and on part of the extraordinary reserve for the remaining component equal to Euro 1,463,369.02;
- approval of the first section of the Report on Remuneration draft pursuant to the Articles 123-ter of the Legislative Decree 24 febbraio 1998 no.58 (the Consolidated Finance Law, TUF) and 84-quater of the Regulation approved by CONSOB with resolution 11971/1999 (the CONSOB Issuers’ Regulations);
- appointment of Mr. Claudio Roberto Calabi as Director of the Company, in place of Mr. Alberto Mocchi, appointed by cooptation by the Board of Directors at the meeting of 19 July 2017;

- renewal and confirmation of the Board of Statutory Auditors, which will remain in office until the date of approval of the financial statements for the year ending 31 December 2020, and will be composed by the following members: Mr. Giuseppe Leoni (Chairman), Mrs. Rosita Matta (Standing Auditor), Mr. Stefano De Angelis (Standing Auditor), Mrs. Roberta Pirola (Alternate Auditor), and Mr. Bionis Ferrari (Alternate Auditor);
- approval of the remuneration of the Board of Statutory Auditors;
- revocation of the authorization to purchase and dispose of treasury shares, granted by the Shareholders' Meeting held on April 27, 2017, and approval, on proposal of the Board of Directors, of the plan for the purchase and transfer, in one or more operations, on a revolving basis, of ordinary shares in the Company until reaching the maximum number permitted by law (currently represented by a number of shares not exceeding 20% of the share capital), to be determined also in accordance with the provisions of laws and regulations in force from time to time and with the share capital existing at the moment of each purchase.

In light of the positive results recorded by the Company in the first quarter of the year, it is reasonable to confirm the scenario of growing revenue and profits for the 2018 financial year, and more generally the targets of organic growth and new acquisitions for the 2017-2019 period, announced to the market this past 15 September 2016. Italy, Germany, UK and Spain are the markets where the Group is focusing on for new acquisition.

Milan, 10 May 2018.

/signed/ Stefano Achermann
For the Board of Directors
Chief Executive Officer

9. Financial statements

- A. Consolidated Statement of Financial Position
- B. Restated Consolidated Income Statement
- C. Condensed Consolidated Statement of Cash Flows
- D. Statement of Changes in Consolidated Shareholders' Equity

A. Consolidated Statement of Financial Position

<i>Amounts in EUR thousands</i>	31.03.2018	31.12.2017
<i>NON-CURRENT ASSETS</i>		
Property, plant and equipment	1,854	1,918
Goodwill	59,796	59,722
Intangible assets	16,916	17,082
Equity investments in associates measured at net equity	32	32
Equity investments in other companies	300	300
Loans and other non-current assets	2,240	2,217
Deferred tax assets	4,729	4,724
Total non-current assets	85,867	85,995
<i>CURRENT ASSETS</i>		
Inventories	15	15
Trade receivables	32,994	25,240
Other assets and receivables	3,344	2,778
Direct tax receivables	807	567
Financial receivables and other current financial assets	23	591
Cash and cash equivalents	12,821	22,767
Total current assets	50,004	51,958
Total discontinued operations		
TOTAL ASSETS	135,871	137,953
<i>SHAREHOLDERS' EQUITY</i>		
Share capital	27,109	27,109
Reserves	25,750	21,177
Net profit (loss) attributable to owners of the Parent Company	3,100	4,478
Group Shareholders' equity	55,959	52,764
Minority interests:		
Capital and reserves	797	102
Net profit (loss) attributable to minority interests	186	697
Minority interests	983	799
TOTAL SHAREHOLDERS' EQUITY	56,942	53,563
<i>NON-CURRENT LIABILITIES</i>		
Financial payables and other non-current financial liabilities	10,033	12,075
Provision for non-current risks	2,184	2,244
Post-employment benefits (TFR)	7,009	6,858
Deferred tax liabilities	6,227	6,223
Other non-current liabilities	6,618	6,772
Total Non-current liabilities	32,071	34,172
<i>CURRENT LIABILITIES</i>		
Financial payables and other current financial liabilities	18,795	16,800
Trade payables	9,334	11,667
Provision for current risks	31	31
Tax payables	556	618
Other liabilities and payables	18,142	21,102
Total Current liabilities	46,858	50,218
Total discontinued operations	0	0
TOTAL LIABILITIES	78,929	84,390
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	135,871	137,953

B. Restated Consolidated Income Statement

<i>amounts in Euro thousands</i>	Q1 2018	Q1 2017	Δ	Δ (%)
Operating Revenues	33,328	30,811	2,517	8.2%
Other Revenues and Income	159	356	(197)	(55.3%)
Total Revenues	33,487	31,167	2,320	7.4%
Cost of consumables	(50)	(64)	14	(21.9%)
Cost of services and use of third-party assets	(12,498)	(11,729)	(769)	6.6%
Personnel costs	(16,766)	(15,584)	(1,182)	7.6%
Other operating costs	(161)	(262)	101	(38.5%)
Cost of internal work capitalized	820	884	(64)	(7.2%)
Gross Operating Margin (EBITDA)	4,832	4,412	420	9.5%
Amortisation/Depreciation	(1,274)	(1,481)	207	(14.0%)
Write-downs and provisions	0	(1)	1	(100.0%)
Operating profit (EBIT)	3,558	2,930	628	21.4%
Net financial income and expense	(272)	(448)	176	(39.3%)
Write-down of financial assets	0	0	0	n.a.
Profit/(Loss) before tax from continuing operations	3,286	2,482	804	32.4%
Net Result from discontinued operations	0	0	0	n.a.
Profit/(Loss) of the period including minority interests	3,286	2,482	804	32.4%
Minority interests	186	392	(206)	(52.6%)
Profit/(Loss) before tax for the Group	3,100	2,090	1,010	48.3%

C. Condensed Consolidated Statement of Cash Flows

<i>Amounts in EUR thousands</i>	31.03.2018	31.03.2017
Operating activities:		
Group net profit (loss)	3,286	2,482
Adjustments of items that do not affect liquidity	1,010	1,389
<i>a) Cash flow from operating activities</i>	<i>4,296</i>	<i>3,871</i>
<i>b) Change in net working capital</i>	<i>(14,297)</i>	<i>(16,822)</i>
Gross operating cash flow (a+b)	(10,001)	(12,951)
<i>c) Cash flow generated (absorbed) by investing activities</i>	<i>(149)</i>	<i>(621)</i>
<i>d) Cash flow generated (absorbed) by financing activities</i>	<i>249</i>	<i>(2,284)</i>
<i>e) Cash flow generated (absorbed) by discontinued operations</i>	<i>0</i>	<i>0</i>
Total Cash flow (a+b+c+d+e)	(9,946)	(15,856)
Net cash and cash equivalents - opening balance	22,767	33,109
Net cash and cash equivalents - closing balance	12,821	17,253
Change in net cash and cash equivalents	(9,946)	(15,856)

D. Statement of Changes in Consolidated Shareholders' Equity

<i>Amounts in EUR thousands</i>	Share Capital	Retained earnings	Profit (loss) for the period	Group Shareholders' Equity	Minority interests	Total
SHAREHOLDERS' EQUITY AT 31.12.2016	27,109	19,219	4,246	50,574	486	51,060
Profit (loss) for the period			4,478	4,478	697	5,175
Other items of comprehensive income		(346)	0	(346)	7	(339)
Net comprehensive profit (loss)		(346)	4,478	4,132	704	4,836
Allocation of prior year profit (loss)		4,246	(4,246)	0	0	0
Dividend distribution		(1,996)		(1,996)	(350)	(2,346)
(Purchases)/Disposals of Minority Interests		54		54	(41)	14
SHAREHOLDERS' EQUITY AT 31.12.2017	27,109	21,177	4,478	52,764	799	53,563
Profit (loss) for the period			3,100	3,100	186	3,286
Other items of comprehensive income		95	0	95	(2)	93
Net comprehensive profit (loss)		95	3,100	3,195	184	3,379
Allocation of prior year profit (loss)		4,478	(4,478)	0	0	0
SHAREHOLDERS' EQUITY AT 31.03.2018	27,109	25,750	3,100	55,959	983	56,942