



Interim Management Report *at 31 March 2019*

(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. Board Director Claudio Roberto Calabi was appointed by the Shareholders' Meeting of 26 April 2018 to replace Board Director Alberto Mocchi, previously co-opted pursuant to art. 2386 of the Italian Civil Code on 19 July 2017, following the resignation of Board 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 26 April 2018 for 3 years, with term of office expiring on approval of the financial statements at 31 December 2020.

Control and Risk Committee

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

The Control and Risk Committee was appointed by Board of Directors' resolution on 27 April 2017 for 3 years, expiring on approval of the financial statements at 31 December 2019. Director Claudio Roberto Calabi was appointed by the Board of Directors' Meeting of 3 May 2018 as member of the Control and Risk Committee to replace Director Alberto Mocchi.

Remuneration and Appointments Committee

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

The appointment of the Remuneration and Appointments Committee was renewed by Board of Directors' resolution on 27 April 2017 for 3 years, 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

Key profitability indicators

<i>(amounts in EUR millions)</i>	3M 2019	3M 2018
Value of production	36.1	33.5
EBITDA	6.0	4.8
EBIT	4.0	3.6
Group profit (loss) before tax	3.3	3.1

Key equity and financial indicators

<i>(amounts in EUR millions)</i>	31.03.2019	31.12.2018
Group Shareholders' equity	56.8	53.1
Net Invested Capital	82.2	53.9
Net Operating Working Capital (NOWC)	27.0	15.9
Net Financial Position	(23.9)	0.9

Revenue by operating segment

<i>(amounts in EUR millions)</i>	3M 2019	3M 2018
Business Consulting	27.2	22.1
ICT Solutions	8.9	11.4
TOTAL	36.1	33.5

Revenue by customer type

<i>(amounts in EUR millions)</i>	3M 2019	3M 2018
Banks	27.6	22.7
Insurance	4.7	8.0
Industry	2.0	1.6
Public Administration	0.6	0.6
Other	1.2	0.6
TOTAL	36.1	33.5

Value of production by geographic area

<i>(amounts in EUR millions)</i>	3M 2019	3M 2018
Italy	21.8	21.3
DACH Region (Germany, Austria, Switzerland)	9.3	8.7
U.K. e Spain	3.5	2.7
Cee Region (Poland, Ukraine, Romania)	1.5	0.8
TOTAL	36.1	33.5

Group Headcount

	31.03.2019	31.12.2018
Executives	138	135
Middle managers	149	140
White-collar staff	876	867
Blue collar	0	0
Apprentices	37	25
TOTAL	1,200	1,67

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 industries to improve their competitive capacity and their potential to create value. With around 1,200 employees and branches in Italy, Germany, the United Kingdom, Switzerland, Austria, Poland, the Ukraine, Spain and Romania, in the first quarter of 2018 the Group recorded a total value of production of Euro 36.1 million.

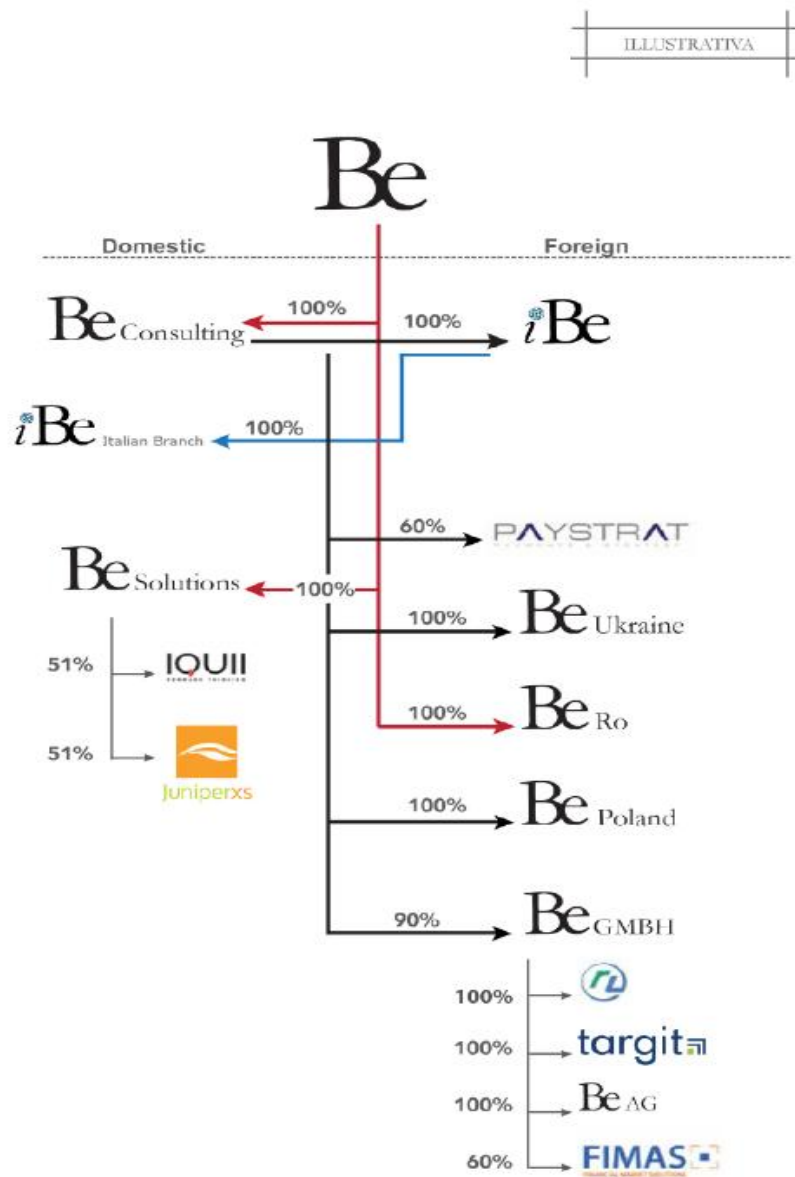
Be Think, Solve, Execute S.p.A. (Be S.p.A. for short), listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and coordination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

At 31 March 2019 the number of shares issued 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

	Nazionalità	No. of Shares	% Ordinary Capital
Tamburi Investment Partners S.p.A.	Italiana	31,582,225	23.41
iFuture Power in Action S.r.l.	Italiana	13,519,265	10.02
Axxion S.A	Lussemburghese	13,487,712	10.00
Stefano Achermann	Italiana	7,771,132	5.76
LOYS Investment S.A	Lussemburghese	6,893,251	5.11
Be Think Solve Execute S.p.A	Italiana	3,260,888	2.42
Float		58,382,799	43.28
Total		134,897,272	100.00

The following chart shows the **Be Group** structure at 31 March 2019¹.



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 the different specialisations of business consulting, the provision of solutions and platforms and the professional services of the ICT Solutions segment.

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), Tesla Consulting S.r.l of which 5% is held by Be Consulting S.p.A, Confinity GmbH, of which 100% is held by Fimas GmbH and Be Sport, Media & Entertainment Ltd, owned by the company iBe TSE Limited, currently in 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;

Number of employees	693 employees at 31 March 2019.
Core business	Banking, Insurance.
Segment revenue at 31.03.2019	Euro 27.2 million.
Operating 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.
- **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. Be Consulting S.p.A. holds 100% of the company's share capital.
- **Be Poland Think, Solve and Execute, sp zo.o.** Established in Warsaw in January 2013 it performs consulting and "system integration" activities in the areas of Retail banking, Capital Markets, CRM (Salesforce) and Digital (Backbase) Be Consulting S.p.A. holds 100% of the company's share capital.
- **Be Think, Solve, Execute GmbH.** 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. Be Consulting S.p.A. controls the Group with a 90.00% interest.
- **R&L AG.** A company whose registered office is close to Munich, 100% 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. During the second half of 2018 the company merged Q-Fin, 100% of which was held before and based in Magdeburg, operating in the area of Frankfurt. It offers specialised services to banks for the personalisation, parameterisation and

integration of “Front-Arena”, a front-office trading and risk management solution. After the merge Fimas GmbH holds a 100% interest in Confinity GmbH (before 50% was held by Fimas GmbH and 50% by Qfin GmbH).

- **Confinity GmbH.** Originally a joint venture consisting of costituita come joint venture da FIMAS and Q-Fin (now Fimas GmbH), operating in the specific sector of the supply - to the customers of FIMAS - of temporary personnel (ANÜ – Arbeitnehmerüberlassung) for which it possesses the appropriate licence.
- **Payments and Business Advisors S.L. (Paystrat for short).** 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 has a 65.26% interest in Paystrat Solutions S.L.
- **Tesla Consulting S.r.l.** A company based in Bologna, 5% of which is held by Be Consulting S.p.A., operating in Cyber Security and Digital Forensics. By July 2019 Be will buy a further 55% of the share capital.

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;

Number of employees	459 employees at 31 March 2019.
Core Businesses	Banking, Insurance, Energy and Public Administration.
Segment revenue at 31.03.2019	Euro 8.9 million.
Operating units	Rome, Milan, Turin, Trento, 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 solutions and services for proprietary products/platforms or those of third-party market leaders. In previous years, it concentrated on the new technological architectures that have characterised the current digitalisation process of the major Banks and Insurance companies in Italy, where it gained distinctive experience in building multi-channel front-end systems, back-end systems for control and corporate governance (especially in the insurance sector thanks to a proprietary system which is one of the market leaders) and Data & Analytics platforms. Its customers are Banks and Insurance companies, as well as the utilities sector and SMEs, but to a much lesser extent. Cooperation agreements and partnerships are currently in place with a number of the major players in the ICT industry and with several selected fintech and insurtech companies. Be Think, Solve, Execute holds 100% of the company’s share capital
- **Be Think Solve Execute RO S.r.l.** Company established in July 2014 and based in Bucharest, it develops the Group’s “near shoring” operations involving high complexity projects in the System Integration segment. Be holds 100% of the company’s share capital.
- **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. Be Solutions holds 51% of the company’s share capital.

- **Juniper Extensible Solutions S.r.l.** Italian digital company established in May 2000 and based in the province of Trento and active in the development of web-based and multimedia software solutions in the Sports, Music and Events sectors. Be Solutions holds 51% of the company's share capital.

5. Presentation criteria

The Interim Management Report at 31 March 2019 is not audited and was prepared in accordance with the provisions of art. 154-ter of Italian Legislative Decree no. 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 of the income statement, statement of financial position, statement of cash flows and statement of changes in shareholders' equity. The information provided in the statement of financial position refers to 31 March 2019 and to 31 December 2018. The information provided in the income statement regards the situation at 31 March 2019 and 2018 and refers to the pre-tax position. The reclassified consolidated statement of cash flows indicates cash flows during the period and classified among operating, investing and financing activities.

The data are provided on a consolidated basis and presented in thousands of Euro (the functional currency) unless otherwise indicated. There could be differences in the unit amounts shown in the tables below due to rounding.

IFRS 16 application

With effect from 1 January 2019, entered into force the new accounting principle IFRS 16 "Leases" which establishes a single model for recognition of lease contracts, by eliminating the difference between operative and financial leases. For the first application, the Group used the faculty of calculating the effect due to the retroactive restatement of the shareholders' equity values at 1 January 2019, without retroactively restating the compared values of previous years (modified retrospective approach). IFRS 16 has been applied to all contracts which were previously classified as leases according to IAS 17 and to IFRIC 4 and not to the ones which were not classified as leases. The description of the main assumptions and practical devices adopted for the first application of the new accounting principle is provided in the Annual Financial Reporting 2018.

The accounting of leases according to IFRS 16 will recognise:

- in the balance sheet a usage right (below "right-of-use asset"), and a financial liability (below "lease liability"), corresponding to the present value of residual future payments; as the principle establishes, the right-of-use asset and the lease liability are two different items in the balance sheet;
- in the income statement, among operating costs, the depreciation of the right of use asset and, in the financial section, interest costs calculated on the lease liability, when they are not capitalised, instead of the operating lease costs included among the operating costs in accordance to the accounting principle in force until fiscal year 2018. The income statement also includes

the costs related to short term and low value lease contracts, as allowed by IFRS 16 as a simplification.

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 2018 the scope of consolidation has been altered by the following events:

- in January 2019 Be completed the full acquisition of R&L AG, reaching the ownership of 100% of its share capital. The transaction has been finalized through Be TSE GmbH, the sub-holding of Be in the DACH region, which already owned 58,84% of R&L AG;
- in February 2019 Be acquired 5% of the share capital of Tesla Consulting. By July 2019 Be will buy a further 55% of the share capital. The first tranche already grants Be the complete operating governance over the Company through the appointment of the majority of the members in the Company's Board of Directors. The parties also agreed on a "Put & Call" structure to purchase the residual capital in two tranches by 30 June 2028.

5.2 Discretionary measurements and significant accounting estimates

The Interim Management Report at 31 March 2019 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, and to determine 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 following table illustrates the Be Group income statement at 31 March 2019 compared with the same 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 Interest, Taxes, Depreciation & Amortisation (EBITDA) - an indicator not envisaged by the IFRS (Communication CERS/05-178b).

Also note that the operating term “Value of production” used in this report is intended to be synonymous with the item “Total Revenue” used in the “Restated Consolidated Income Statement”, pursuant to paragraph 9 “Financial Statements”.

6.1 Group economic performance

The Value of production amounted to Euro 36.1 million, compared to Euro 33.5 million at 31 March 2018 (+7.7%).

Operating revenue was Euro 35.6 million compared to Euro 33.3 million at 31 March 2018 (+6.9%)

Operating costs, consisting of costs for consumables, services, personnel and other expenses, amounted to Euro 30.1 million compared to Euro 28.7 million at 31 March 2018 (+4.9%) and in particular:

- service costs were around Euro 12.9 million (+3.0%);
- personnel costs totalled Euro 17.9 million (+7.0);
- the capitalisation of costs, mainly related to personnel working on projects to develop in-house software platforms, amounted to Euro 1.2 million, (+46.1%).

The Gross Operating Margin (EBITDA) was Euro 6.0 million, up 24.2% compared to 31 March 2018 (Euro 4.8 million). The *EBITDA margin*, was 16.6 % against 14.4% at 31 March 2018.

Amortisation and depreciation totalled Euro 2.0 million against Euro 1.3 million at 31 March 2018. Similarly to the corresponding period of previous year, there were no write-downs and provisions.

Operating Profit (Loss) (EBIT) was Euro 4.0 million, up 12.7% compared to 31 March 2018 (Euro 3.6 million). The *EBIT margin* stood at 11.1% compared to 10,6% at 31 March 2018.

Consolidated profit (loss) before tax including minority interests was Euro 3.8 million, up 15.1% compared to 31 March 2018 (Euro 3.3 million).

Group profit (loss) before tax was Euro 3.3 million compared to Euro 3.1 million at 31 March 2018, up 6.7%.

At 31 March 2019 discontinued operations had no impact on the income statement; therefore, the costs and revenue recognised in the restated consolidated income statement refer solely to “continuing operations”.

The Consolidated Income Statement is shown below, restated at 31 March 2019 and is compared to the amounts of the previous year.

Restated Consolidated Income Statement

<i>Amounts in EUR thousands</i>	1Q 2019	1Q 2018	Δ	Δ (%)
Operating revenue	35,633	33,328	2,305	6.9%
Other revenue and income	424	159	265	n.a.%
Value of production	36,057	33,487	2,570	7.7%
Cost of consumables	(121)	(50)	(71)	n.a.
Cost of services and use of third-party assets	(12,868)	(12,498)	(370)	3.0%
Personnel costs	(17,937)	(16,766)	(1,171)	7.0%
Other costs	(330)	(161)	(169)	n.a.
Internal capitalisations	1,198	820	378	46.1%
Gross Operating Margin (EBITDA)	5,999	4,832	1,167	24.2%
Amortisation and depreciation	(1,990)	(1,274)	(716)	56.2%
Operating Profit (Loss) (EBIT)	4,009	3,558	451	12.7%
Net financial income and expense	(228)	(272)	44	(16.2%)
Profit (loss) before tax from continuing operations	3,781	3,286	495	15.1%
Profit (loss) before tax from discontinued operations	0	0	0	n.a.
Consolidated profit (loss) before tax including minority interests	3,781	3,286	495	15.1%
Profit (loss) before tax attributable to minority interests	472	186	286	n.a.
Group profit (loss) before tax for the period	3,309	3,100	209	6.7%

The table below illustrates the impact of IFRS 16 adoption on the Restated Consolidated Income Statement:

<i>Amounts in EUR thousands</i>	1Q 2019 before IFRS 16	IFRS 16 impact	1Q 2019
Value of production	36,057		36,057
Cost of services and use of third-party assets	(13,393)	525	(12,868)
Gross Operating Margin (EBITDA)	5,474	525	5,999
Amortisation and depreciation	(1,281)	(709)	(1,990)
Operating Profit (Loss) (EBIT)	4,193	(184)	4,009
Net financial income and expense	(191)	(37)	(228)
Profit (loss) before tax from continuing operations	4,002	(221)	3,781

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 operating segments:

- **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, R&L AG, Fimas GmbH, Confinity GmbH, Payments and Business Advisors S.L., Paystrat Solutions SL (Pyngo), Tesla S.r.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., Iquii S.r.l. e Juniper Extensible Solutions 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 positions of the Group by operating segment for the first three months of 2019 compared with the corresponding period of 2018 are reported below, separating continuing operations from discontinued operations.

The operating segment values illustrated are gross of intercompany transactions with the other Group companies from different segments, whilst the value of production by operating segment and by customer type indicated in the “Summary income statement and statement of financial position” and in the tables below is shown net of all intercompany transactions between Group companies.

Breakdown by operating segment 1 January 2019 – 31 March 2019

	Consulting	ICT Solutions	Corporate and other	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	27,649	9,781	991	(2,788)	0	35,633
Other revenue	481	352	217	(627)	0	424
Value of production	28,131	10,133	1,208	(3,415)	0	36,057
Operating Profit (Loss) (EBIT)	4,386	622	(1,000)	1	0	4,009
Net financial expense	(139)	(109)	20	(1)	0	(228)
Profit (loss) before tax	4,248	513	(980)	0	(472)	3,309

Breakdown by operating segment 1 January 2018 – 31 March 2018

	Consulting	ICT Solutions	Corporate and other	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	23,135	12,455	1,254	(3,516)	0	33,328
Other revenue	345	129	62	(376)	0	159
Value of production	23,480	12,584	1,316	(3,892)	0	33,487
Operating Profit (Loss) (EBIT)	1,005	3,334	(780)	(1)	0	3,558
Net financial expense	(176)	(143)	46	1	0	(272)
Profit (loss) before tax	829	3,191	(734)	0	(186)	3,100

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

Value of production by operating segment

<i>Amounts in EUR millions</i>	1Q 2019	%	1Q 2018	%	Δ (%)
Business Consulting	27.2	75.3%	22.1	66.0%	23.1%
ICT Solutions	8.9	24.7%	11.4	34.0%	(21.9%)
TOTAL	36.1	100.0%	33.5	100.0%	7.7%

An analysis of the breakdown of the value of production by operating segment shows the “Business Consulting” segment is equal to 75.3% of the total value of production compared to the 24.7% of the “ICT Solutions” segment. In the Consulting segment, the value of production in the first three months of 2019 recorded an increase of 23.1%, while ICT activities recorded a decrease of 21.9%, from Euro 11.4 million to Euro 8.9 million.

The breakdown of the value of production by customer type is also provided below.

Value of production by customer type

<i>Amounts in EUR millions</i>	1Q 2019	%	1Q 2018	%	Δ (%)
Banks	27.6	76.5%	22.7	67.8%	21.6%
Insurance	4.7	13.0%	8.0	23.9%	(41.3%)
Industry	2.0	5.5%	1.6	4.8%	25.0%
Public Administration	0.6	1.7%	0.6	1.8%	0.0%
TOTAL	1.2	3.3%	0.6	1.8%	100.0%
<i>Amounts in EUR millions</i>	36.1	100.0%	33.5	100.0%	7.7%

The breakdown of the value of production by geographic area is also provided below:

Value of production by geographic area					
<i>Amounts in EUR millions</i>	1Q 2019	%	1Q 2018	%	Δ (%)
Italy	21.8	60.4%	21.3	63.6%	2.1%
DACH Region (Germany, Austria, Switzerland)	9.3	25.7%	8.7	26.0%	6.9%
UK and Spain	3.5	9.8%	2.7	8.1%	30.6%
Cee Region (Poland, Ukraine, Romania)	1.5	4.1%	0.8	2.4%	83.1%
TOTAL	36.1	100.0%	33.5	100.0%	7.7%

Lastly, note that during the first three months of 2019 60.4% of production was generated by the domestic market and the remaining 39.6% by the foreign market. The significant weight of the DACH (DE, AUT and SUI) Region on the value of production is confirmed, contributing Euro 9.3 million, up 6.9% compared to the first three months of 2018, while the Cee Region and the UK and Spain markets respectively recorded revenue equal to Euro 1.5 million and Euro 3.5 million, respectively up of 83.1% and del 30.6% compared to the corresponding period of the prior year.

6.3 Personnel

The total number of Be Group employees at 31 March 2019 was 1,200; the following table shows Be Group employees by operating segment:

Group Headcount	31.03.2019
Consulting	693
I.C.T.Solutions	459
Corporate	48
TOTAL	1,200

6.4 Breakdown of Group Equity and Financial Positions

A summary of the consolidated statement of financial position at 31 March 2019, is shown below, compared to the same statement at 31 December 2018.

Restated Statement of Financial Position

<i>Amounts in EUR thousands</i>	31.03.2019	31.12.2018	Δ	Δ (%)
Non-current assets	101,431	87,128	14,303	16.4%
Current assets	42,465	31,488	10,977	34.9%
Non-current liabilities	(26,941)	(25,474)	(1,467)	5.8%
Current liabilities	(34,759)	(39,290)	4,531	(11.5%)
Net Invested Capital	82,196	53,852	28,344	52.6%
Shareholders' Equity	58,276	54,776	3,500	6.4%
Net Financial Indebtedness	23,920	(924)	24,844	n.a.

Non-current assets are mostly represented by goodwill equal to Euro 64.6 million, recognised at the time of business combinations, intangible assets equal to Euro 17.9 million, mostly relating to software, right of use equal to Euro 9.0 million, buildings, technical fixed assets for Euro 2.4 million, deferred tax assets equal to Euro 4.1 million and receivables and other non-current assets equal to Euro 2.5 million.

Current assets recorded a rise of Euro 11.0 million compared to 31 December 2018 due mainly to the increase in trade receivables for Euro 9.9 million and other current assets totalling Euro 0.8 million.

Non-current liabilities mostly refer to payables for post-employment benefits (TFR) of Euro 6.7 million, deferred tax liabilities of Euro 6.7 million and provisions for risks and charges of Euro 4.9 million, plus other liabilities of Euro 8.6 million predominantly referring to the remaining share of the discounted price for the future acquisition of minority interests through put&call agreements.

Current liabilities - mostly comprised of trade payables of Euro 10.7 million, provisions for risks and charges of Euro 2.1 million and payables and payables for indirect taxes totalling Euro 21.9 million - recorded an overall decrease of Euro 4.5 million.

Consolidated shareholders' equity was Euro 58.3 million, compared to Euro 54.8 million at 31 December 2018. The breakdown of Net working capital at 31 March 2019 is shown below.

<i>Amounts in EUR thousands</i>	31.03.2019	31.12.2018	Δ	Δ (%)
Inventories	60	7	53	n.a.
Trade receivables	37,703	27,789	9,914	35.7%
Trade payables	(10,723)	(11,839)	1,116	(9.4%)
Net Operating Working Capital (NOWC)	27,040	15,957	11,083	69.5%
Other short-term receivables	4,702	3,692	1,010	27.4%
Other short-term liabilities	(24,036)	(27,451)	3,415	(12.4%)
Net Working Capital (NWC)	7,706	(7,802)	15,508	n.a.

Net financial indebtedness at 31 March 2019, excluding post-IFRS 16 financial debts for right of use, was Euro 14.5 million (negative), compared to Euro 0.9 million (positive) at 31 December 2018 and Euro 15.9 million (negative) at 31 March 2018.

The application of IFRS 16 required the recognition of financial debt for right of use at 31

March 2019 equal to Euro 9.4 million which added to the Net Financial Debt brings total post-IFRS 16 net debt to Euro 23.9 million.

Consolidated net financial position

<i>Amounts in EUR thousands</i>	31.03.2019	31.12.2018	Δ	Δ (%)
Cash and cash equivalents at bank	20,129	36,010	(15,881)	(44.1%)
A Cash and cash equivalents	20,129	36,010	(15,881)	(44.1%)
B Current financial receivables	47	511	(464)	(90.8%)
Current bank payables	(11,926)	(9,644)	(2,282)	23.7%
Current share of medium/long-term indebtedness	(9,289)	(9,980)	691	(6.9%)
Other current financial payables	(202)	(490)	288	(58.8%)
C Current financial indebtedness	(21,417)	(20,114)	(1,303)	6.5%
D Current Net Financial Position (A+B+C)	(1,241)	16,407	(17,648)	n.a.
Non-current bank payables	(13,212)	(15,418)	2,206	(14.3%)
Other non-current financial payables	(60)	(65)	5	(7.7%)
E Non-current Net Financial Position	(13,272)	(15,483)	2,211	(14.3%)
F Net Financial Position PRE IFRS 16 (D+E)	(14,512)	924	(15,436)	n.a.
Current right of use debt	(2,289)	0	(2,289)	n.a.
Non current right of use debt	(7,118)	0	(7,118)	n.a.
G IFRS 16 EFFECT	(9,407)	0	(9,407)	n.a.
H Net Financial Position POST IFRS 16 (F+G)	(23,919)	924	(24,843)	n.a.

With regard to items in the table, in addition to cash and cash equivalents of Euro 20.1 million (Euro 36.0 million at 31 December 2018):

- current financial receivables amounting to Euro 0.04 million resulting from receivables due from factoring companies on receivables assigned up to 31 March 2019, the disbursement of which took place by that date and to receivables for accrued interest on factoring paid but not relating to the first three months of 2019 (Euro 0.5 million at 31 December 2018);
- current bank payables at 31 March 2019 around Euro 21.4 million (Euro 20.1 million at 31 December 2018) mainly represented by:
 - Euro 11.9 million (Euro 9.6 million at 31 December 2018), current bank payables mainly represented by:
 - a) Euro 3.0 million in short-term credit facilities classed as “advances on invoices” for Euro 0.7 million and “account overdrafts” for Euro 2.3 million;
 - b) Euro 8.9 million referred to a short term loan of Euro 3.5 million to repay within March 2020, Euro 5 million referred to a second loan to repay within October 2019 and Euro 0.4 million referred to a third loan to repay within April 2019;
 - the current portion of loans received for around Euro 9.2 million;

- other non-current financial payables for Euro 0.2 million, referring mainly to interest accrued and not collected, the short-term portion of lease contracts and financial payables due to customers for credit for ticket sales on behalf of third parties.
- non-current financial payables of Euro 20.3 million, referred mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months;
- other non-current financial payables, referring mainly to finance lease contracts.

6.5 Related Party Transactions

The Company's Board of Directors adopted the "Regulations on Related Parties" on 1 March 2014, replacing the one previously approved on 12 March 2010. For further details, this document is published on the Company web site (www.be-tse.it). Note that the Be's Board of Directors has approved a new version of the procedure for transactions with the Company's related parties. The Procedure was changed in order to reflect some changes made by Consob to the Regulation for Related Party Transactions (approved on 22 March 2018) in order to align domestic legislation with that envisaged by 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 2019 are: T.I.P. Tamburi Investment Partners S.p.A., Ir Top Consulting S.r.l., and Talent Garden S.p.A. With regard to Messrs Stefano Achermann and Carlo Achermann and the companies controlled by them - Carma Consulting S.r.l., iFuture S.r.l. e Innishboffin S.r.l. - the economic transactions that took place in the period substantially 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 following tables illustrate the Group's costs and revenue, payables and receivables due to/from related parties:

Receivables and payables with related parties at 31 March 2019

	<u>Receivables</u>			<u>Payables</u>		
	Trade and other receivables	Other receivables	Financial receivables	Trade and other payables	Other payables	Financial payables
Related Parties						
T.I.P. S.p.A				9		
IR Top Consulting				3		
Total Related Parties	0	0	0	12	0	0

Revenue and costs with related parties at 31 March 2019

	<u>Revenue</u>			Services	<u>Costs</u>	
	Revenue	Other revenue	Financial income		Other Costs	Financial expense
Related Parties						
T.I.P. S.p.A				15		
C. Achermann				10		
IR Top Consulting				7		
Total Related Parties	0	0	0	32	0	0

During the first three months of 2019 Be Solutions S.p.A subscribed the capital increase of Talent Garden S.p.A for the correspondent participation, increasing the number of owned shares to 6,029 million equal to 1.22% of the company's share capital.

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 2019 – 2021 for the purpose of Impairment Testing (hereinafter 2019-2021 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 actions, fully or partly independent from management action. Consequently, the Directors acknowledge that the strategic objectives identified in the 2019-2021 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, 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 2019-2021 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 December 2018 because of the incapacity to generate sufficient cash flows to satisfy those forecast and envisaged in the 2019-2021 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 summoned third parties.

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

In recent years, the Be Group began a restructuring of its area of business with necessary actions to reduce personnel, also through transfers. There is a risk of appeals against such actions 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 the 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 Investment 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 activities conducted entail developing the Group-owned technological platforms; in particular, during the first quarter of 2019 investments mostly regarded the development and upgrade of the technological platforms "Universo Sirius" - relating to the management of Life and Non-life insurance portfolios, - by Be Solutions, the development of the digital applications by Iquii and Juniper and application tools by Be Consulting, as well as the development of the IT platforms of Paystrat, Fimas GmbH and Be Think, Solve Execute GmbH specialised in various areas of the banking industry. 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 events in the first quarter of 2019

In January, Be increased its shareholding in its German subsidiary R&L AG to 100%. The transaction was finalised through the sub-holding of the DACH area, Be TSE GmbH, which already held 58.84% of R&L AG, and was performed with a view to integrating the German subsidiaries operating in Bavaria into a single specialist hub with revenues of over Euro 25 million.

In February, Be purchased an initial shareholding corresponding to 5% of the share capital of Tesla Consulting, an Italian company operating in the "Cyber Security" and "Digital Forensics" sphere. The purchase of a further 55% of the company's shareholding will be purchased by the end of July. The first tranche purchased already gives Be full operating governance of the company through the appointment of the majority of the members of the company's Board of Directors. The parties also agreed on a "Put & Call" structure to purchase the residual capital in two tranches by 30 June 2028.

8. Events after 31 March 2019 and business outlook

In April 2019 Be Group and Yolo have signed a strategic partnership in the areas of technology innovation and domestic/international marketing to accelerate the transformation of the Insurance market. Yolo's innovative capacity and different offering dimensions (B2C, B2B, B2B2C) will be fully supported by labs, teams of specialists, and industry experts by Be.

The shareholders' meeting of Be has been held on 18 April 2019, in first call, resolving about the following:

- consolidated economic and financial results at 31 December 2018;
- economic and financial results of Be S.p.A. at 31 December 2018;
- allocation of profit for the year 2018;
- report remuneration pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998;

- purchase and disposal of treasury shares subject to revocation of the authorization by the Ordinary Shareholders' Meeting on 26 April 2018.

According to the results recorded in the first quarter of 2019, it is reasonable to confirm the overall scenario of growth for the rest next quarters of the year.

Milan, 9 May 2019.

/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>	31.03.2019	31.12.2018
NON-CURRENT ASSETS		
Property, plant and equipment	2,410	2,201
Right of use	9,008	0
Goodwill	64,588	61,555
Intangible assets	17,946	16,446
Equity investments in other companies	829	329
Loans and other non-current assets	2,546	2,507
Deferred tax assets	4,104	4,090
Total non-current assets	101,431	87,128
CURRENT ASSETS		
Inventories	60	7
Trade receivables	37,703	27,789
Other assets and receivables	4,116	3,301
Direct tax receivables	586	391
Financial receivables and other current financial assets	47	511
Cash and cash equivalents	20,129	36,010
Total current assets	62,641	68,009
Total discontinued operations		
TOTAL ASSETS	164,072	155,137
SHAREHOLDERS' EQUITY		
Share capital	27,109	27,109
Reserves	26,352	20,463
Net profit (loss) attributable to owners of the Parent Company	3,309	5,481
Group Shareholders' equity	56,770	53,053
Minority interests:		
Capital and reserves	1,034	801
Net profit (loss) attributable to minority interests	472	922
Minority interests	1,506	1,723
TOTAL SHAREHOLDERS' EQUITY	58,276	54,776
NON-CURRENT LIABILITIES		
Financial payables and other non-current financial liabilities	13,272	15,483
Right of use non current financial payables	7,118	0
Provision for non-current risks	4,925	5,255
Post-employment benefits (IFR)	6,677	6,575
Deferred tax liabilities	6,725	6,714
Other non-current liabilities	8,614	6,930
Total non-current liabilities	47,331	40,957
CURRENT LIABILITIES		
Financial payables and other current financial liabilities	21,417	20,114
Right of use current financial payables	2,289	0
Trade payables	10,723	11,839
Provision for current risks	2,116	2,271
Tax payables	1,245	1,404
Other liabilities and payables	20,675	23,776
Total current liabilities	58,465	59,404
Total discontinued operations	0	0
TOTAL LIABILITIES	105,796	100,361
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	164,072	155,137

B. Restated Consolidated Income Statement

<i>Amounts in EUR thousands</i>	1Q 2019	1Q 2018	Δ	Δ (%)
Operating revenue	35,633	33,328	2,305	6.9%
Other revenue and income	424	159	265	n.a.%
Value of production	36,057	33,487	2,570	7.7%
Cost of consumables	(121)	(50)	(71)	n.a.
Cost of services and use of third-party assets	(12,868)	(12,498)	(370)	3.0%
Personnel costs	(17,937)	(16,766)	(1,171)	7.0%
Other costs	(330)	(161)	(169)	n.a.
Internal capitalisations	1,198	820	378	46.1%
Gross Operating Margin (EBITDA)	5,999	4,832	1,167	24.2%
Amortisation and depreciation	(1,990)	(1,274)	(716)	56.2%
Write-downs and provisions	0	0	0	n.a.
Operating Profit (Loss) (EBIT)	4,009	3,558	451	12.7%
Net financial income and expense	(228)	(272)	44	(16.2%)
Profit (loss) before tax from continuing operations	3,781	3,286	495	15.1%
Profit (loss) before tax from discontinued operations	0	0	0	n.a.
Consolidated profit (loss) before tax	3,781	3,286	495	15.1%
Profit (loss) before tax attributable to minority interests	472	186	286	n.a.
Group profit (loss) before tax for the period	3,309	3,100	209	6.7%

C. Condensed Consolidated Statement of Cash Flows

<i>Amounts in EUR thousands</i>	31.03.2019	31.03.2018
Operating activities:		
Profit (loss) for the period	3,781	2,482
Adjustments of items that do not affect liquidity	1,403	1,389
<i>a) Cash flow from operating activities</i>	<i>5,184</i>	<i>3,871</i>
<i>b) Change in net working capital</i>	<i>(17,200)</i>	<i>(16,822)</i>
Operating cash flow (a+b)	(12,016)	(12,951)
<i>c) Cash flow generated (absorbed) by investing activities</i>	<i>(438)</i>	<i>(621)</i>
<i>d) Cash flow generated (absorbed) by financing activities</i>	<i>(3,427)</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)	(15,881)	(15,856)
Net cash and cash equivalents - opening balance	36,010	33,109
Net cash and cash equivalents - closing balance	20,129	17,253
Change in net cash and cash equivalents	(15,881)	(15,856)

D. Statement of Changes in Consolidated Shareholders' Equity

<i>Amounts in EUR thousands</i>	Share capital	Reserves and retained earnings	Profit (loss) for the period/year	Group Shareholders' equity	Minority interests	Total
SHAREHOLDERS' EQUITY AT 31.12.2017	27.109	21.177	4.478	52.764	799	53.563
Net profit (loss)			5.481	5.481	922	6.403
Other items of comprehensive income		(138)		(138)	2	(136)
Net comprehensive profit (loss)		(138)	5.481	5.343	924	6.267
Allocation of prior year profit (loss)		4.478	(4.478)			0
Purchase of own shares		(2.366)		(2.366)		(2.366)
Dividend distribution		(2.698)		(2.698)		(2.698)
Other changes		10		10		10
SHAREHOLDERS' EQUITY AT 31.12.2018	27.109	20.463	5.481	53.053	1.723	54.776
Net profit (loss)			3.309	3.309	472	3.781
Other items of comprehensive income		230	0	230	(8)	222
Net comprehensive profit (loss)		230	3.309	3.539	464	4.003
Allocation of prior year profit (loss)		5.481	(5.481)			0
Purchase of own shares		(503)		(503)		(503)
Other changes		681		681	(681)	0
SHAREHOLDERS' EQUITY AT 31.03.2019	27.109	26.352	3.309	56.770	1.506	58.276