



Be

SHAPING THE FUTURE

Interim Management Report

At 31 March 2020



Interim Management Report *at 31 March 2020*

(TRANSLATION FROM ITALIAN ORIGINAL WHICH REMAINS THE DEFINITIVE VERSION)

Table of contents

Interim Management Report at 31 March 2020

1. Corporate Bodies	3
2. Summary income statement and statement of financial position	4
3. Group Structure and Shareholders	5
4. Business Model and Operating segments	7
5. Presentation criteria	9
6. Disclosure on Operating performance	10
7. Other disclosures.....	17
8. Events after 31 March 2020 and business outlook	20
9. Financial statements	21

1. Corporate Bodies

Board of Directors

- Carlo Achermann	<i>Chairman</i>
- Stefano Achermann	<i>Chief Executive Officer</i>
- Claudio Berretti	<i>Director</i>
- Cristina Spagna	<i>Independent Director</i>
- Gianluca Antonio Ferrari	<i>Independent Director</i>
- Claudio Roberto Calabi	<i>Independent Director</i>
- Francesca Moretti	<i>Independent Director</i>
- Lucrezia Reichlin	<i>Independent Director</i>
- Anna Maria Tarantola	<i>Independent Director</i>

The Board of Directors was appointed by the Shareholders' Meeting of 22 April 2020 for 3 years, with term of office expiring on approval of the financial statements at 31 December 2022.

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>
- Bionesi 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

- Claudio Roberto Calabi	<i>Independent Chairperson</i>
- Gianluca Antonio Ferrari	<i>Independent Member</i>
- Francesca Moretti	<i>Independent Member</i>

The Control and Risk Committee was appointed by Board of Directors' resolution on 22 April 2020 for 3 years, expiring on approval of the financial statements at 31 December 2022.

Remuneration and Appointments Committee

- Cristina Spagna	<i>Independent Chairperson</i>
- Claudio Berretti	<i>Member</i>
- Anna Maria Tarantola	<i>Independent Member</i>

The appointment of the Remuneration and Appointments Committee was renewed by Board of Directors' resolution on 22 April 2020 for 3 years, expiring on approval of the financial statements at 31 December 2022.

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 2020	3M 2019
Value of production	41.5	36.1
EBITDA	6.3	6.0
EBIT	4.0	4.0
Group profit (loss) before tax	3.4	3.3

Key equity and financial indicators

<i>(amounts in EUR millions)</i>	31.03.2020	31.12.2019
Group Shareholders' equity	57.3	54.3
Net Invested Capital	83.0	67.5
Net Operating Working Capital (NOWC)	27.9	17.1
Net Financial Position	(23.7)	(11.4)

Revenue by operating segment

<i>(amounts in EUR millions)</i>	3M 2020	3M 2019
Business Consulting	29.2	27.2
ICT Solutions	12.3	8.9
Other	0.0	0.0
TOTAL	41.5	36.1

Revenue by customer type

<i>(amounts in EUR millions)</i>	3M 2020	3M 2019
Banks	31.2	27.6
Insurance	5.4	4.7
Industry	3.1	2.0
Public Administration	0.0	0.6
Other	1.8	1.2
TOTAL	41.5	36.1

Value of production by geographic area

<i>(amounts in EUR millions)</i>	3M 2020	3M 2019
Italy	27.8	21.8
DACH Region (Germany, Austria, Switzerland)	9.6	9.3
U.K. e Spain	2.5	3.5
Cee Region (Poland, Ukraine, Romania)	1.6	1.5
TOTAL	41.5	36.1

Group Headcount

	31.03.2020	31.12.2019
Executive	134	132
Middle managers	183	173
Blue collar	922	940
Apprentices	89	75
TOTAL	1,328	1,320

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 more than 1,300 employees and branches in Italy, Germany, the United Kingdom, Switzerland, Austria, Poland, the Ukraine, Spain and Romania, in the first quarter of 2020 the Group recorded a total value of production of Euro 41.5 million.

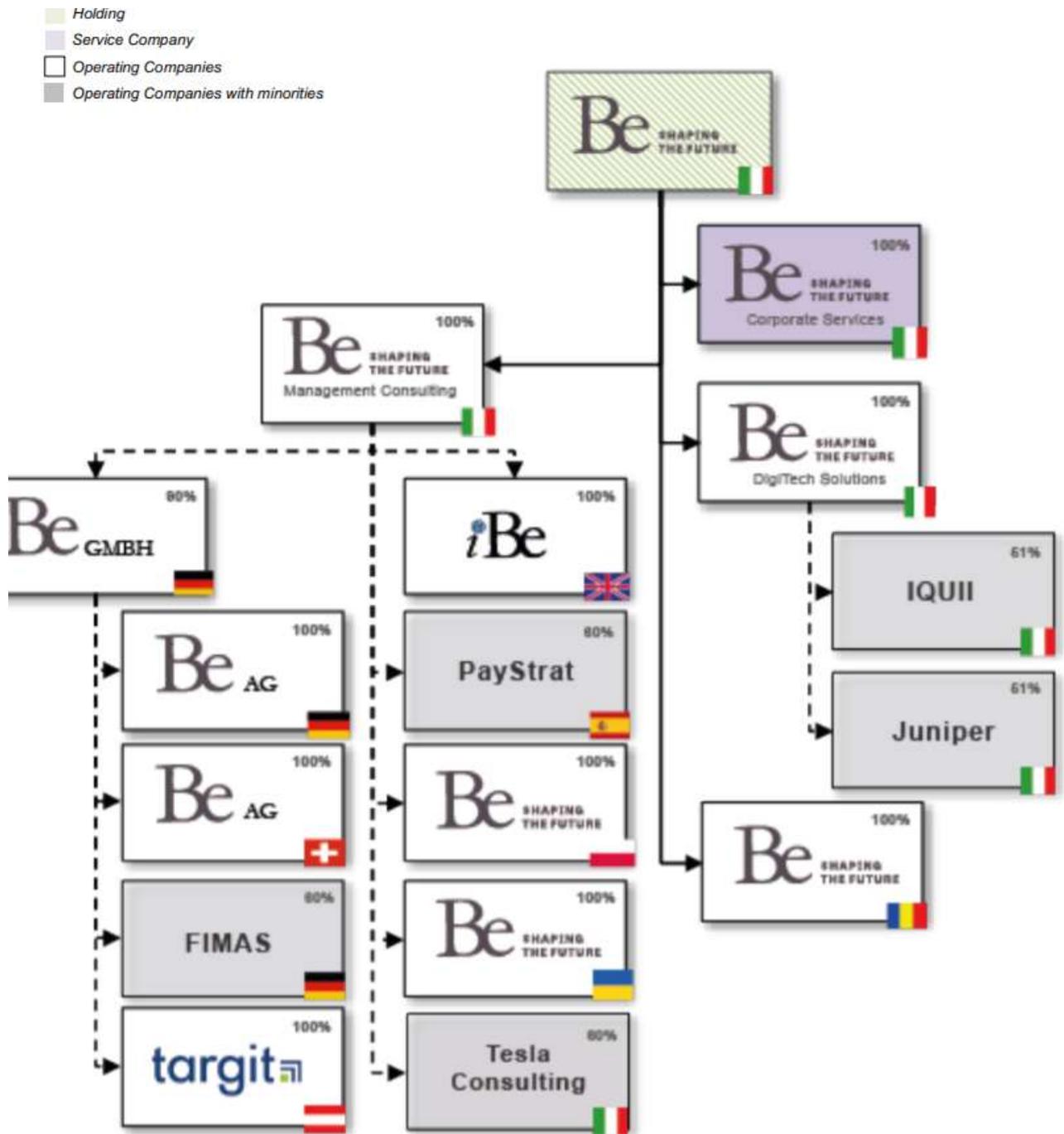
Be Shaping the Future S.p.A. (Be S.p.A. for short), listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and coordination 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 2020 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

	Nationality	No.of Shares	% Ordinary Capital
Tamburi Investment Partners S.p.A.	Italian	31,582,225	23.412
iFuture Power in Action S.r.l.	Italian	13,519,265	10.022
Axxion S.A	Luxembourg	13,487,712	9.999
Stefano Achermann	Italian	7,771,132	5.761
LOYS Investment S.A	Luxembourg	6,889,321	5.107
Be Think Solve Execute S.p.A	Italian	4,786,256	3.548
Float		56,861,361	42.151
Total		134,897,272	100.000

The following chart shows the **Be Group** structure at 31 March 2020¹.



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, and Confinity GmbH, of which 100% is held by Fimas GmbH.

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.

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;

Dimensions	765 employees at 31 March 2020.
Core business	Banking, Insurance.
Segment revenue at 31.03.2020	Euro 29.2 million.
Operating units	Rome, Milan, Bologna, London, Kiev, Warsaw, Munich, Vienna, Zurich, Frankfurt, Madrid.

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

- **Be Management 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 the Company’s equity. In April 2020 the Company changed its name from Be Consulting Think, Project & Plan S.p.A. to Be Shaping The Future, Management Consulting S.p.A. (Be Management Consulting S.p.A. for short).
- **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 Management 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 Management Consulting S.p.A. controls the Group with a 90.00% interest.

- **BE 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. In September 2019, the Company changed its name from R&L AG to Be Shaping the Future – Financial Industry Solutions AG (Be AG for short).
- **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.
- **Confinity GmbH.** Originally a joint venture consisting of 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.** Società con sede a Bologna, operante nell'ambito "Cyber Security" e "Digital Forensics", è partecipata al 60% da Be Management Consulting S.p.A.

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;

Dimensions	501 employees at 31 March 2020.
Core business	Banking, Insurance, Energy and Public Administration.
Segment revenue at 31.03.2020	Euro 12.3 million.
Operating units	Rome, Milan, Turin, Trento, Bucharest.

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

- **Be DigiTech 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 S.p.A. holds 100% of the company's share capital. In April 2020 the Company changed its name from Be Solutions Solve, Realize & Control S.p.A. to Be Shaping The Future, DigiTech Solutions S.p.A. (Be Solutions S.p.A. or Be DigiTech Solutions S.p.A. for short).
- **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 DigiTech 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 DigiTech Solutions holds 51% of the company's share capital.

5. Presentation criteria

The Interim Management Report at 31 March 2020, 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 2020 and to 31 December 2019. The information provided in the income statement regards the situation at 31 March 2020 and 2019. 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.

5.1 Notes regarding the scope of consolidation

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

Compared to 31 December 2019 the scope of consolidation has not been altered.

5.2 Discretionary measurements and significant accounting estimates

The Interim Management Report at 31 March 2020 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 2020 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 41.5 million compared to Euro 36.1 million at 31 March 2019 (+15.0%).

Business Consulting and ICT recorded total revenues equalling respectively Euro 29.2 million (Euro 27.2 million at 31 March 2019) and Euro 12.3 million (Euro 8.9 million at 31 March 2019).

Total revenues by foreign subsidiaries totalled Euro 13.7 million (33.0% of Total revenues), compared to Euro 14.3 million at 31 March 2019.

Operating revenue was Euro 41.0 million compared to Euro 35.6 million at 31 March 2019 (+14.9%).

Operating costs, consisting of costs for consumables, services, personnel and other expenses, amounted to Euro 35.2 million compared to Euro 30.1 million at 31 March 2019 (+17.1 %) and in particular:

- service costs were around Euro 16.7 million (+30.1%)
- personnel costs totalled Euro 19.3 million (+7.8%);
- the capitalisation of costs, mainly related to personnel working on projects to develop in-house software platforms, amounted to Euro 1.2 million.

The Gross Operating Margin (EBITDA) was Euro 6.3 million, up 4.3% compared to 31 March 2019 (Euro 6.0 million). The *EBITDA margin*, was 15.1 % against 16.6% at 31 March 2019.

Amortization and depreciation totaled Euro 2.3 million, against Euro 2.0 million at 31 March 2019.

Similarly to the corresponding period of previous year, there were no write-downs and provisions.

Operating Profit (Loss) (EBIT) was Euro 4.0 million, substantially unchanged from 31 March 2019 (Euro 4.0 million). The *EBIT margin* stood at 9.5% against 11.1% at 31 March 2019.

Consolidated profit (loss) before tax including minority interests was Euro 3.7 million, down 2.0% compared to 31 March 2019 (Euro 3.8 million).

Group profit (loss) before tax was Euro 3.4 million compared to Euro 3.3 million at 31 March 2019, up 3.5%.

At 31 March 2020 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”.

Restated Consolidated Income Statement

<i>Amounts in EUR thousands</i>	3M 2020	3M 2019	Δ	Δ (%)
Operating revenue	40,955	35,633	5,322	14.9%
Other revenue and income	502	424	78	18.4%
Value of production	41,457	36,057	5,400	15.0%
Cost of consumables	(42)	(121)	79	(65.3%)
Cost of services and use of third-party assets	(16,741)	(12,868)	(3,873)	30.1%
Personnel costs	(19,332)	(17,937)	(1,395)	7.8%
Other costs	(261)	(330)	69	(20.9%)
Internal capitalisations	1,177	1,198	(21)	(1.8%)
Gross Operating Margin (EBITDA)	6,258	5,999	259	4.3%
Amortisation and depreciation	(2,307)	(1,990)	(317)	15.9%
Write-downs and provisions	0	0	0	n.a.
Operating profit (loss) (EBIT)	3,951	4,009	(58)	(1.4%)
Net financial income and expense	(247)	(228)	(19)	8.3%
Profit (loss) before tax from continuing operations	3,704	3,781	(77)	(2.0%)
Profit (loss) before tax from discontinued operations	0	0	0	n.a.
Consolidated profit (loss) before tax including minority interests	3,704	3,781	(77)	(2.0%)
Profit (loss) before tax attributable to minority interests	279	472	(193)	(40.9%)
Group profit (loss) before tax for the period	3,425	3,309	116	3.5%

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 Management Consulting 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 Shaping the Future AG, Fimas GmbH, Confinity GmbH, Payments and Business Advisors S.L., Paystrat Solutions SL (Pyngo) and Tesla Consulting 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 DigiTech Solutions S.p.A., Be Think Solve Execute RO S.r.l., Iquii S.r.l. and 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 2020 compared with the corresponding period of 2019 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 2020 – 31 March 2020

	Consulting	ICT Solutions	Corporate and other	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	29,229	13,185	1,326	(2,786)	0	40,955
Other revenue	460	286	158	(402)	0	502
Value of production	29,689	13,472	1,485	(3,188)	0	41,457
Operating Profit (Loss) (EBIT)	3,122	1,616	(788)	1	0	3,951
Net financial expense	(175)	(84)	11	0	0	(247)
Profit (loss) before tax	2,947	1,533	(777)	1	(279)	3,425

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

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>	3M 2020	%	3M 2019	%	Δ (%)
Business Consulting	29.2	70.4%	27.2	75.3%	7.4%
ICT Solutions	12.3	29.6%	8.9	24.7%	38.2%
Other	0.0	0.0%	0.0	0.0%	n.a.
TOTAL	41.5	100.0%	36.1	100.0%	15.0%

An analysis of the breakdown of the value of production by operating segment shows the “Business Consulting” segment is equal to 70.4% of the total value of production compared to the 29.6% of the “ICT Solutions” segment.

In the Consulting segment, the value of production in the first three months of 7.4% compared to the same value at 31 March 2019, while ICT activities recorded a big increase of 38.2% mainly due to an increase in banking and insurance.

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>	3M 2020	%	3M 2019	%	Δ (%)
Banks	31.2	75.2%	27.6	76.5%	13.0%
Insurance	5.4	13.0%	4.7	13.0%	14.9%
Industry	3.1	7.5%	2.0	5.5%	55.0%
Public Administration	0.0	0.0%	0.6	1.7%	n.a.
Other	1.8	4.3%	1.2	3.3%	50.0%
TOTAL	41.5	100.0%	36.1	100.0%	15.0%

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>	3M 2020	%	3M 2019	%	Δ (%)
Italy	27.8	67.0%	21.8	60.4%	27.5%
DACH Region (Germany, Austria, Switzerland)	9.6	23.1%	9.3	25.8%	3.2%
U.K.e Spain	2.5	6.0%	3.5	9.7%	(28.6%)
Cee Region (Poland, Ukraine, Romania)	1.6	3.9%	1.5	4.2%	6.7%
TOTAL	41.5	100.0%	36.1	100.0%	15.0%

Lastly, note that during the first three months of 2020 67.0% of production was generated by the domestic market and the remaining 33.0% by the foreign market.

The significant weight of the DACH Region (DE, AUT e SUI) on the value of production is confirmed, contributing Euro 9.6 million, a slight increase compared to 31 March 2019.

At 31 March the Cee Region (Poland, Ukraine, Romania) recorded an increase of 6.7% compared to the corresponding period of prior year (Euro 1.6 million against Euro 1.5 million at 31 March 2019), while the UK and Spanish markets generated total revenues of Euro 2.5 million, down 28.6% compared to Euro 3.5 million at 31 March 2019.

6.3 Personnel

The total number of Be Group employees at 31 March 2020 was 1,328; the following table shows Be Group employees by operating segment:

Group Headcount	
	31.03.2020
Consulting	765
I.C.T.Solutions	501
Corporate and other	62
TOTAL	1,328

6.4 Breakdown of Group Equity and Financial Positions

A summary of the consolidated statement of financial position at 31 March 2020 is shown below, compared to the same statement at 31 December 2019.

Restated Statement of Financial Position				
<i>Amounts in EUR thousands</i>	31.03.2020	31.12.2019	Δ	Δ (%)
Non-current assets	100,772	101,816	(1,044)	(1.0%)
Current assets	47,935	33,135	14,800	44.7%
Non-current liabilities	(22,395)	(22,667)	272	(1.2%)
Current liabilities	(43,286)	(44,785)	1,499	(3.3%)
Net Invested Capital	83,026	67,499	15,527	23.0%
Shareholders' Equity	59,350	56,072	3,278	5.8%
Net Financial Indebtedness	23,676	11,427	12,249	n.a

Non-current assets are mostly represented by goodwill equal to Euro 64.8 million, recognised at the time of business combinations, intangible assets equal to Euro 19.6 million, mostly relating to software, right of use equal to Euro 8.0 million, buildings, technical fixed assets for Euro 2.1 million, deferred tax assets equal to Euro 3.3 million and receivables and other non-current assets equal to Euro 2.2 million.

Current assets recorded a rise of Euro 14.8 million compared to 31 December 2019 mainly due to the increase in trade receivables.

Non-current liabilities mostly refer to payables for post-employment benefits (TFR) of Euro 7.1 million, deferred tax liabilities of Euro 7.3 million and provisions for risks and charges of Euro 1.4 million, plus other liabilities of Euro 6.6 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 15.3 million, provisions for risks and charges of Euro 7.0 million and payables and payables for indirect taxes totaling Euro 21.0 million - recorded an overall decrease of Euro 1.5 million.

Consolidated shareholders' equity was Euro 59.4 million, compared to Euro 56.1 million at 31 December 2019. The breakdown of Net working capital is shown below:

<i>Amounts in EUR thousands</i>	31.03.2020	31.12.2019	Δ	Δ (%)
Inventories	3	3	0	0.0%
Trade receivables	43,218	29,414	13,804	46.9%
Trade payables	(15,272)	(12,366)	(2,906)	23.5%
Net Operating Working Capital (NOWC)	27,949	17,051	10,898	63.9%
Other short-term receivables	4,714	3,718	996	26.8%
Other short-term liabilities	(28,014)	(32,419)	4,405	(13.6%)
Net Working Capital (NWC)	4,649	(11,650)	16,299	n.a

Net financial indebtedness at 31 March 2020 was Euro 23.7 million (negative) compared to Euro 11.4 million (negative) at 31 December 2019. The breakdown is shown in the table below:

Consolidated Net Financial Indebtedness

<i>Amounts in EUR thousands</i>	31.03.2020	31.12.2019	Δ	Δ (%)
Cash and cash equivalents at bank	28,210	34,185	(5,975)	(17.5%)
A Cash and cash equivalents	28,210	34,185	(5,975)	(17.5%)
B Current financial receivables	29	104	(75)	(72.1%)
Current bank payables	(858)	(4,525)	3,667	(81.0%)
Current share of medium/long-term indebtedness	(16,218)	(10,895)	(5,323)	48.9%
Payables for current rights of use	(3,028)	(3,004)	(24)	0.8%
Other current financial payables	(21)	(152)	131	(86.2%)
C Current financial indebtedness	(20,125)	(18,576)	(1,549)	8.3%
D Current net financial position (A+B+C)	8,114	15,713	(7,599)	(48.4%)
Non-current bank payables	(26,196)	(20,926)	(5,270)	25.2%
Payables for non-current rights of use	(5,594)	(6,214)	620	(10.0%)
Other non-current financial payables	0	0	0	n.a.
E Non-current net financial position	(31,790)	(27,140)	(4,650)	17.1%
F Net financial position (D+E)	(23,676)	(11,427)	(12,249)	n.a.

With regard to items in the table, in addition to cash and cash equivalents of Euro 28.2 million (Euro 34.2 million at 31 December 2019) we also draw attention to:

- current financial receivables of Euro 0.03 million (Euro 0.1 million at 31 December 2019) originating from prepaid expenses on factoring interest;
- current payables to banks at 31 March 2020 equal to Euro 20.1 million (Euro 18.6 million at 31 December 2019) relating to:
 - current bank payables of Euro 0.9 million (Euro 4.5 million at 31 December 2019) mainly represented by interest accrued and not collected and negative bank balances;
 - the current portion of loans received for around Euro 16.2 million (Euro 10.9 million at 31 December 2019) ;
 - payables for current rights of use of Euro 3.0 million relating to lease liabilities, (Euro 3.0 million at 31 December 2019);
 - other current financial payables of Euro 0.02 million (Euro 0.2 million at 31 December 2019), mainly referring to interest accrued and not paid, and to financial payables due to customers for credit for ticket sales on behalf of third parties.
- non-current financial payables of Euro 31.8 million (Euro 27.1 million at 31 December 2019) of which:
 - Euro 26.2 million (Euro 21.0 million at 31 December 2019) in payables to banks for unsecured medium/long-term loans due beyond 12 months;
 - Euro 5.6 million (Euro 6.2 million at 31 December 2019) in payables for current rights of use of relating to lease liabilities

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 2020 are: T.I.P. Tamburi Investment Partners S.p.A., Ir Top Consulting S.r.l.. 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 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 2020

	<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				15		
IR Top Consulting				9		
Total Related Parties	0	0	0	24	0	0

Revenue and costs with related parties at 31 March 2020

	<u>Revenue</u>			<u>Costs</u>		
	Revenue	Other revenue	Financial income	Services	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

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 2020-2022 Business Plan. This 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 2020-2022 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 2020-2022 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 2020-2022 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.

With regard to the main factors of **uncertainty** existing on the date of submission of this Consolidated Financial Report, we draw attention to those relating to the events that have gradually emerged over the course of the past few weeks concerning the growing and progressive spread at international and national level of the medical emergency relating to the COVID-19 pandemic (Coronavirus). These circumstances, which are extraordinary by nature and extension, are having direct and indirect repercussions on economic activity, creating a context of general uncertainty, whose evolution and relative effects are still not fully predictable.

More specifically, given the particular nature of the Be Group's reference market – mostly just large Financial Institutions - and the current visibility as regards the progression of the Covid-19 Pandemic, it is expected to have a limited impact in the first half of the year. A more complete opinion as to the expected performance of the market will be issued at the end of the first six-month period.

At the time of preparation of the consolidated accounts at 31 March 2020, with regard to the main measurement and estimation processes, mostly relating to assessing the recoverability of goodwill and of intangible assets, sensitivity analyses were conducted, with a view to identifying the value of the key parameters in correspondence to which recoverable amounts coincide with book values.

Although conducted at a time of general uncertainty, said analyses did not indicate any clear risk of future impairment of the amounts recognised in the Interim Reporting at 31 March 2020 even considering the worsened macro-economic scenario consequent to the above-described pandemic. Nevertheless, we cannot rule out the possibility that the continuation of the current situation of uncertainty may have economic impacts, which, on the date of preparation of the Interim Reporting, cannot be quantified or estimated.

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 2020 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, as well as the development of the IT platforms of Fimas GmbH, Be Ag 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 2020

In March Be and ZDF of Federico Lucia, Italian artist and producer aka Fedez, decided to join forces to create the market leader in production and distribution of digital content. "Dream of Ordinary Madness (Doom) Entertainment" is the new vehicle incorporating the spin off of the

activities of ZDF, Fedez's operational company. The transaction is part of Be Group's strategy of developing a major digital engagement business area, with main focus on Europe's Financial Industry, dealing with talent research & development, image management & digital presence, production of content, creation & launch of brands, and personal coaching of artists.

As already illustrated in paragraph 7.1 Main risks and uncertainties to which the Be Group is exposed, from January 2020, the national and international scenario has been characterised by the spread of Covid-19 and by the consequent restrictive measures for its containment, set in place by the public authorities of the countries in question. In operational terms, in line with the provisions of the Prime Ministerial Decree of 9 March 2020, the majority of the company has adopted a *smart-working* approach, and the capacity of the technological equipment to support remote operations has been boosted. Business continuity is guaranteed everywhere. *Nearshoring* sites have been activated, for any potential requirements, at the competency centers in Poland and Romania, although at present there is no need whatsoever to transfer business activities there. Be is also in constant contact with the Authorities and health facilities to monitor the evolution of the measures needed to contain the pandemic. The health of its customers and employees is its top priority.

The entire Be Group is fully committed to ensuring that the Italian System soon returns to the utmost levels of competitiveness.

The financial calendar for 2020, as announced, is currently confirmed.

8. Events after 31 March 2020 and business outlook

The Extraordinary and Ordinary Shareholders' Meeting of Be, held on 22 April 2020, in first call, took the following resolutions:

- amendment of article 1 of the Articles of Association, changing company name to "Be Shaping the Future S.p.A.";
- approval of the consolidated economic and financial results at 31.12.2019, allocation of profit for the year 2019 and dividend distribution;
- approval of report remuneration pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998;
- appointment of the Board of Directors for fiscal years 2020-2022;
- purchase and disposal of treasury shares subject to revocation of the authorization by the Ordinary Shareholders' Meeting on 18 April 2019.

On 22 April 2020 held its first meeting after its appointment in the BOD meeting, the Directors took the following resolutions:

- appointment of Carlo Achermann as Chairman and Stefano Achermann as CEO;
- management and/or signature powers to Carlo Achermann and Stefano Achermann;
- appointment of Cristina Spagna, Claudio Berretti and Anna Maria Tarantola as members of the Appointments and Remuneration Committee with Cristina Spagna as Chair;
- appointment of Claudio Roberto Calabi and Gianluca Antonio Ferrari, Francesca Moretti as members of Control and Risk Committee with Claudio Roberto Calabi as Chair.

In the light of the period results and in spite of the macroeconomic uncertainties due to the impact of the Covid19 pandemic, at the present time it is reasonable to confirm the Group's yearly and overall targets under 2020-2022 Business Plan. A more comprehensive analysis of the state of demand in the medium to long term will be carried out on the occasion of the H1 Interim Financial Report.

Milan, 7 May 2020.

/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>	31.03.2020	31.12.2019
NON-CURRENT ASSETS		
Property, plant and equipment	2,103	2,161
Right of use	7,988	8,679
Goodwill	64,841	65,060
Intangible assets	19,568	19,632
Equity investments in other companies	829	829
Loans and other non-current assets	2,170	2,152
Deferred tax assets	3,273	3,303
Total non-current assets	100,772	101,816
CURRENT ASSETS		
Inventories	3	3
Trade receivables	43,218	29,414
Other assets and receivables	3,843	2,828
Direct tax receivables	871	890
Financial receivables and other current financial assets	29	104
Cash and cash equivalents	28,210	34,185
Total current assets	76,174	67,424
Total discontinued operations	0	0
TOTAL ASSETS	176,946	169,240
SHAREHOLDERS' EQUITY		
Share capital	27,109	27,109
Reserves	26,805	21,144
Net profit (loss) attributable to owners of the Parent Company	3,425	6,087
Group Shareholders' equity	57,339	54,340
Minority interests:		
Capital and reserves	1,732	1,262
Net profit (loss) attributable to minority interests	279	470
Minority interests	2,011	1,732
TOTAL SHAREHOLDERS' EQUITY	59,350	56,072
NON-CURRENT LIABILITIES		
Financial payables and other non-current financial liabilities	26,196	20,926
Right of use non current financial payables	5,594	6,214
Provision for non-current risks	1,357	1,649
Post-employment benefits (TFR)	7,068	6,953
Deferred tax liabilities	7,340	7,348
Other non-current liabilities	6,630	6,717
Total non-current liabilities	54,185	49,807
CURRENT LIABILITIES		
Financial payables and other current financial liabilities	17,097	15,572
Right of use current financial payables	3,028	3,004
Trade payables	15,272	12,366
Provision for current risks	7,017	7,075
Tax payables	1,425	1,585
Other liabilities and payables	19,572	23,759
Total current liabilities	63,411	63,361
Total discontinued operations	0	0
TOTAL LIABILITIES	117,596	113,168
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	176,946	169,240

B. Restated Consolidated Income Statement

<i>Amounts in EUR thousands</i>	3M 2020	3M 2019	Δ	Δ (%)
Operating revenue	40,955	35,633	5,322	14.9%
Other revenue and income	502	424	78	18.4%
Value of production	41,457	36,057	5,400	15.0%
Cost of consumables	(42)	(121)	79	(65.3%)
Cost of services and use of third-party assets	(16,741)	(12,868)	(3,873)	30.1%
Personnel costs	(19,332)	(17,937)	(1,395)	7.8%
Other costs	(261)	(330)	69	(20.9%)
Internal capitalisations	1,177	1,198	(21)	(1.8%)
Gross Operating Margin (EBITDA)	6,258	5,999	259	4.3%
Amortisation and depreciation	(2,307)	(1,990)	(317)	15.9%
Write-downs and provisions	0	0	0	n.a.
Operating Profit (Loss) (EBIT)	3,951	4,009	(58)	(1.4%)
Net financial income and expense	(247)	(228)	(19)	8.3%
Profit (loss) before tax from continuing operations	3,704	3,781	(77)	(2.0%)
Profit (loss) before tax from discontinued operations	0	0	0	n.a.
Consolidated profit (loss) before tax	3,704	3,781	(77)	(2.0%)
Profit (loss) before tax attributable to minority interests	279	472	(193)	(40.9%)
Group profit (loss) before tax for the period	3,425	3,309	116	3.5%

C. Condensed Consolidated Statement of Cash Flows

<i>Amounts in EUR thousands</i>	31.03.2020	31.03.2019
Operating activities:		
Profit (loss) for the period	3,704	3,781
Adjustments of items that do not affect liquidity	1,503	1,403
<i>a) Cash flow from operating activities</i>	<i>5,207</i>	<i>5,184</i>
<i>b) Change in net working capital</i>	<i>(16,703)</i>	<i>(17,200)</i>
Operating cash flow (a+b)	(11,496)	(12,016)
<i>c) Cash flow generated (absorbed) by investing activities</i>	<i>(369)</i>	<i>(438)</i>
<i>d) Cash flow generated (absorbed) by financing activities</i>	<i>5,890</i>	<i>(3,427)</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)	(5,975)	(15,881)
Net cash and cash equivalents - opening balance	34,185	36,010
Net cash and cash equivalents - closing balance	28,210	20,129
Change in net cash and cash equivalents	(5,975)	(15,881)

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 31.12.2018	27,109	20,463	5,481	53,053	1,723	54,776
Net profit (loss)			6,087	6,087	470	6,557
Other items of comprehensive income		(86)		(86)	0	(86)
Net comprehensive profit (loss)		(86)	6,087	6,001	470	6,471
Allocation of prior year profit (loss)		5,481	(5,481)	0	0	0
Purchase of own shares		(2,290)		(2,290)	0	(2,290)
Dividend distribution				0	10	10
Allocation of prior year profit (loss)		(2,896)		(2,896)	0	(2,896)
(Purchases)/Disposals of Minority Interests		472		472	(472)	0
SHAREHOLDERS' EQUITY AT 31.12.2019	27,109	21,144	6,087	54,340	1,732	56,072
Net profit (loss)			3,425	3,425	279	3,704
Other items of comprehensive income		(426)		(426)	0	(426)
Net comprehensive profit (loss)		(426)	3,425	2,999	279	3,278
Allocation of prior year profit (loss)		6,087	(6,087)	0	0	0
SHAREHOLDERS' EQUITY AT 31.03.2020	27,109	26,805	3,425	57,339	2,011	59,350