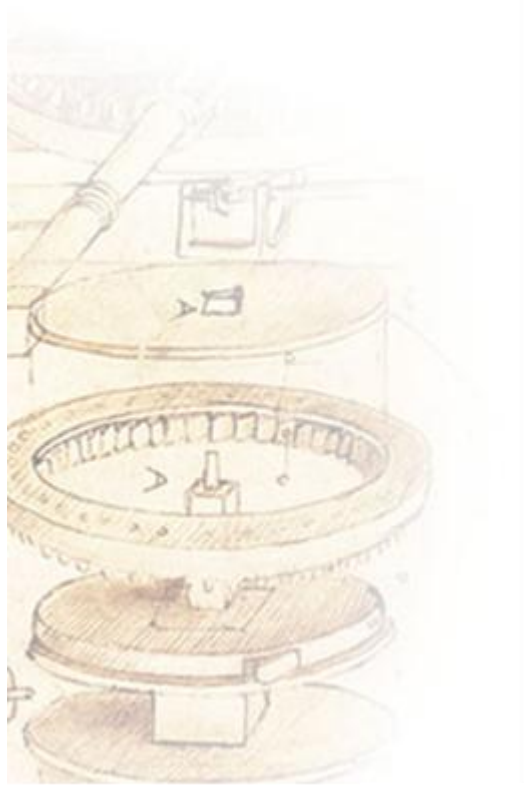




**Interim Report on Operations
as at 31 March 2017**



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SIGNIFICANT GROUP FIGURES AND RESULT INDICATORS

The table below gives a summary of the main consolidated economic, capital and financial data of the Group as at 31 March 2017, at 31 March 2016 and 31 December 2016.

	31.03.2017	31.03.2016	31.12.2016
Total production revenues	36,781,043	32,542,859	141,782,617
net proceeds and variation to work in progress to order	35,889,596	31,609,390	137,250,144
increase to assets for internal work	620,627	316,844	1,927,238
other proceeds and contributions	270,820	616,625	2,605,235
Difference between costs and production proceeds (EBITDA)	3,032,834	1,725,158	12,797,488
% on production proceeds	8.2%	5.3%	9.0%
Net operating result (EBIT)	1,872,452	663,666	7,793,050
% on production proceeds	5.1%	2.0%	5.5%
Net result	931,732	(273,518)	2,838,069
Group net equity	75,605,520	72,968,976	74,744,188
Total assets	207,069,482	181,277,318	206,228,144
Capital stock	25,154,899	25,553,221	25,154,899
Net working capital (1)	35,546,839	34,053,470	29,442,973
Cash flow (2)	2,093,390	580,327	9,284,104
Fixed capital (3)	102,430,402	90,599,650	102,810,040
Investment	607,259	(850,531)	11,396,593
Cash resources/bonds (a)	9,847,031	9,255,319	20,399,886
Short-term financial debts (b)	(27,256,046)	(38,791,499)	(29,003,855)
Medium-/long-term financial debts (c)	(24,587,826)	(7,538,127)	(27,184,505)
Net financial position (4)	(41,996,841)	(37,074,307)	(35,788,474)

- (1) "Net working capital" is calculated as the sum of total current assets less cash at bank and on hand and total current liabilities plus current bank debt
- (2) Cash flow is calculated as the sum of net profit (loss) adjusted by amortisation, changes in employee severance indemnities, write-downs and provisions
- (3) "Fixed capital" is equal to total non-current assets
- (4) Net financial position = a + (b + c)

The table below shows the main economic indicators of the Group as at 31 March 2017, compared with the same period of the previous year.

For the calculation of ROE and ROI, it was decided to adopt an annual "rolling" approach using as a reference for net profit and operating income the periods from 1 April 2016 - 31 March 2017 for figures as at 31 March 2017 and 1 April 2015 - 31 March 2016 for figures as at 31 March 2016.

Exprivia Group	31/03/2017	31/03/2016
Index ROE (Net income / Equity Group)	5.35%	6.30%
Index ROI (EBIT / Net Capital Invested) (5)	7.39%	8.63%
Index ROS (EBIT / Revenues from sales and services, net of changes in inventories of raw materials and finished products))	5.22%	2.10%
Financial charges (6) / Net profit	0.551	-2.309

(5) **Net capital employed** = is equal to net working capital plus non-current assets net of total non-current liabilities (excluding bank debt and bond issues)

(6) **Financial Charges**: calculated net of interest cost IAS 19

The table below shows the main capital and financial indicators of the Group as at 31 March 2017, at 31 March 2016 and at 31 December 2016.

Exprivia Group	31/03/2017	31/03/2016	31/12/2016
Net Financial Debt / Equity Capital	0.56	0.51	0.48
Debt ratio (Total Liabilities / Equity Capital)	2.74	2.48	2.76

SUMMARY OF THE OPERATIONS IN THE FIRST QUARTER OF 2017

A summary of the main consolidated economic, capital and financial data of the Group is reported below, prepared in accordance with International Accounting Standards (IAS/IFRS), and, in particular, with standard IAS 34, as emerging from the situation as at 31 March 2017, compared with the same period of the previous year.

Exprivia Group (value in K €)	31.03.2017	31.03.2016	Variazioni %
Revenues	36,781	32,543	13.02%
Net revenues	35,890	31,609	13.54%
EBITDA	3,033	1,725	75.83%
EBIT	1,872	664	181.93%
Pre-tax result	1,551	38	3981.58%
Result	932	-274	440.15%

In the first quarter of 2017, **consolidated revenues** amounted to Euro 36.8 million with a 13.02% increase compared to the revenues in the same period of the previous financial year (Euro 32.5 million). The growth was mainly seen in the Utilities market, as a result of previously awarded tender contracts having become fully operational and the acquisition of ACS which was concluded in the second half of 2016. Foreign markets, however, were down slightly in terms of volumes—a drop anticipated by the budget and resulting from a reorganisation of the offering—, as were the Healthcare sector and Telco & Media.

Consolidated net revenues amounted to Euro 35.9 million in the first quarter of 2017, with a 13.54% increase compared to the same period in the previous financial year (Euro 31.6 million). As regards net revenues, the same applies as for total revenues; the greater growth with respect to total revenues derives from the lower fees recorded in the first quarter of this year on funded innovative projects.

Consolidated **EBITDA** amounted to Euro 3 million in the first quarter of 2017, with a 75.83% increase compared to the same period in the previous financial year (Euro 1.7 million in 2016). A particularly significant increase in profitability was seen in this quarter, not only in Italy but also abroad.

Consolidated **EBIT** amounted to Euro 1.9 million in the first quarter of 2017, with a 181.93% increase compared to the same period in the previous financial year (Euro 0.7 million in 2016). **Pre-tax result** in the first quarter of 2017 amounted to Euro 1.6 million, compared to Euro 38 million in the first quarter of 2016.

The **Net Financial Position** as at 31 March 2017 was Euro -42 million compared to Euro -35.8 million as at 31 December 2016. Group **Shareholders' Equity** as at 31 March 2017 was Euro 75.6 million, compared to Euro 74.7 million as at 31 December 2016.

Exprivia Group (value in K €)	31.03.2017	31.03.2016	31.12.2016
Group Net Worth	75,606	72,969	74,744
Net Financial Position	(41,997)	(37,074)	(35,788)

CORPORATE BODIES

Board of Directors

As at 31 March 2017, the Board of Directors of Exprivia SpA, whose term of office will expire when the year-end 2016 financial statements are approved, was composed as follows:

Board Member	Office	Executive/ Non- Executive	Place and Date of Birth	Gender	First Appointment
Domenico Favuzzi	Chairman and Chief Executive Officer	Executive	Molfetta (BA) 18.04.62	M	29 June 2005
Dante Altomare	Vice Chairman	Executive	Molfetta (BA) 18.09.54	M	29 June 2005
Vito Albino	Independent Director (*)	Non-Executive	Bari 10.09.57	M	12 March 2013
Angela Stefania Bergantino	Independent Director (*)	Non-Executive	Messina 24.09.70	F	23 April 2014
Rosa Daloiiso	Director	Non-Executive	Margherita di Savoia (FG) 05.04.66	F	31 March 2008
Mario Ferrario	Director	Non-Executive	Padua 05.02.46	M	23 April 2014
Marco Forneris	Director	Non-Executive	Caluso (TO) 19.02.51	M	28 April 2011
Alessandro Laterza	Independent Director (*)	Non-Executive	Bari 09.02.58	M	31 March 2008
Valeria Savelli	Director	Non-Executive	Matera 15.10.62	F	28 April 2011
Gianfranco Viesti	Independent Director (*)	Non-Executive	Bari 09.08.58	M	23 April 2014

(*) Independent Directors under art. 3 of the Corporate Governance Code adopted by Borsa Italiana

For the purpose of their offices, all directors are domiciled at the registered offices of the Company in Molfetta (BA), Via Adriano Olivetti 11.

The Board of Directors is vested with all the broadest powers necessary for ordinary and extraordinary management of the company without any exception and all options are available to pursue the company purpose. Thus, it can undertake any type of obligation and perform any act without limitation as all operations fall within the scope of their competence with the exception of any matters expressly delegated by law to the shareholders' meeting.

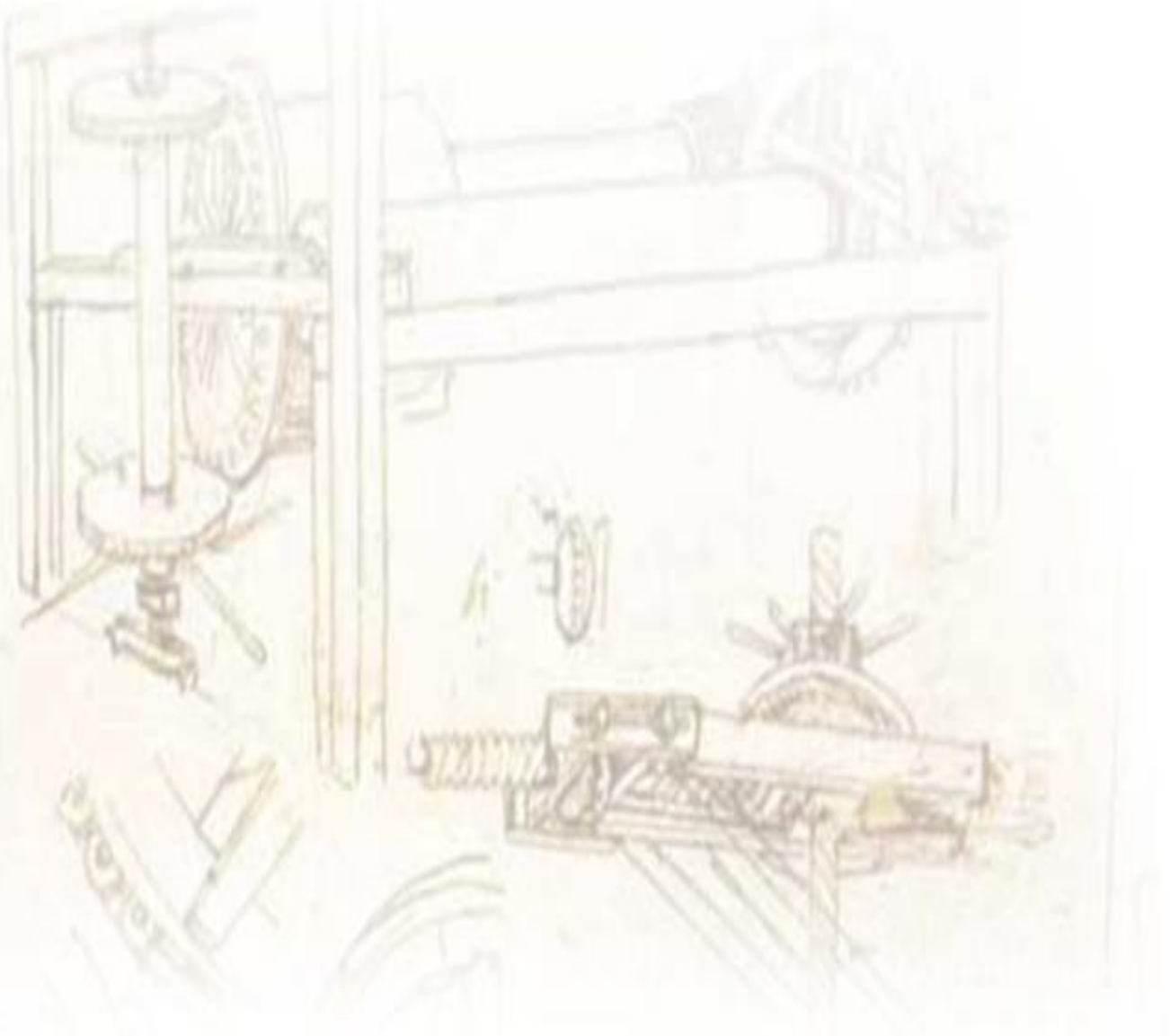
Board of Statutory Auditors

As at 31 March 2017 the Board of Statutory Auditors, whose term of office will end when the year-end 2016 financial statements are approved, was composed as follows:

Board Member	Office	Place and Date of Birth	Gender
Ignazio Pellecchia	Chairman	Bari 28.06.68	M
Anna Lucia Muserra	Regular Auditor	Genoa 21.09.62	F
Gaetano Samarelli	Regular Auditor	Molfetta (BA) 07.12.45	M
Valeria Cervellera	Substitute Auditor	Bari 07.08.69	F
Mauro Ferrante	Substitute Auditor	Bisceglie (BA) 01.11.64	M

Independent Auditors

On 23 April 2014, the shareholders' meeting appointed **PricewaterhouseCoopers SpA** as independent auditors for the years 2014 – 2022.

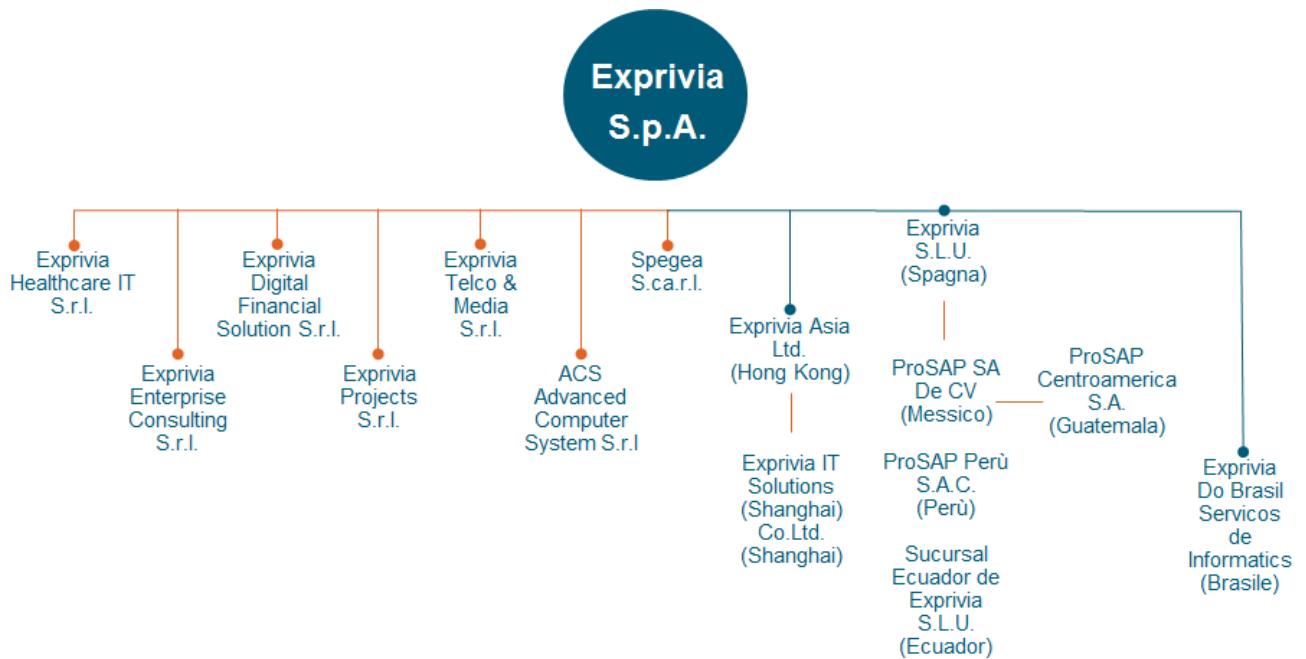


EXPRIVIA: FUTURE. PERFECT. SIMPLE.

Exprivia is an international group, now composed of around 2,000 professionals, able to activate the processes of digital transformation through solutions that involve the entire chain of value. An entity that sets itself apart for its ability to manage complex projects through the connection and integration of vertical and horizontal skills, and for the capacity to create simple solutions to be utilised and updated, given based on constant research and innovation activities. Equipped with extensive know-how and experience gained in more than 30 years of constant presence in the market, Exprivia has a team of experts specialised in the various technological areas and domains, from Capital Market and Credit & Risk Management, to IT Governance, from BPO to IT Security, from Big Data to Cloud, IoT to Mobile, from the world of SAP, distributed amongst its various locations in Italy and abroad (Europe, America and Asia).

Listed on the stock exchange's MTA STAR segment since 2000, Exprivia works alongside its customers in the Banking&Finance, Telco&Media, Energy&Utilities, Aerospace&Defense, Manufacturing&Distribution, Healthcare sand Public Administration sectors.

The Group



Exprivia Digital Financial Solution Srl, wholly-owned by Exprivia, based in Milan and with fully paid-up share capital of Euro 1,586,919.00, is a leader in Italy in the outsourcing of IT, legal and administrative services targeted at factoring companies, and supports the various phases of the credit life cycle with proprietary solutions.

Exprivia Telco & Media Srl, formerly Devoteam Ausytem, 100%-owned by Exprivia, based in Milan and share capital of Euro 1,200,000.00, has operated in the Italian market for more than 15 years as a reference company in the Telecommunications and Media sector.

ACS Srl., 100%-owned by Exprivia, has operated in the market for more than twenty years and develops ground stations for the reception and processing of satellite data, a sector in which it has reached a top global position. The company is based in Rome and Matera and also has a branch in Darmstadt, Germany.

Exprivia Healthcare IT Srl is 100% owned by Exprivia. It is based in Trento and has share capital of Euro 1,982,190.00 (fully paid-up). It is a leading ICT company in the healthcare IT sector with a broad and diverse customer base. It develops and manages healthcare IT systems based on proprietary solutions and web-oriented technologies, in addition to operating in the field of IT systems and software applications for regional public administration.

Exprivia Projects Srl is 100% owned by Exprivia. It is based in Rome and has share capital of Euro 242,000.00 (fully paid-up). It is specialised in designing and managing services and infrastructure for Call Centres, Contact Centres and Helpdesk services.

Exprivia Process Outsourcing Srl, 100% owned by Exprivia, based in Palermo and with a registered capital of Euro 100,000.00, provides Services and Infrastructure for Call Center, Contact Center and Help Desk.

Exprivia Enterprise Consulting Srl, wholly-owned by Exprivia, based in Milan and with fully paid-up share capital of Euro 1,500,000.00, represents the ERP / SAP centre of competence for the entire Exprivia Group in Italy and abroad; in addition to directly serving the manufacturing market in Italy, it provides other Group companies with the technical resources needed to develop SAP projects within their relevant product sector.

Consorzio Exprivia Scarl, 70% owned by Exprivia SpA, with the remaining 30% held by other Group companies wholly-owned by the holding company. This consortium's objective is to facilitate the Exprivia Group's participation in public tenders for project development and service provision.

Spegea S.C.a r.l. is 60% owned by Exprivia and has fully paid-up share capital of Euro 125,000.00. It is a School of Management based in Bari, organises and manages specialised seminars, training courses for companies and public administration in addition to the "Master in Management and Industrial Development" programme certified by ASFOR. It was founded 28 years ago by Confindustria Bari with the support of banks and institutions.

Foreign Companies

Exprivia SLU, a Spanish company 100%-owned by Exprivia, is the result of the merger by incorporation of the companies previously operating in Spain, Exprivia SL and Profesionales de Sistemas Aplicaciones y Productos SL (ProSap). The company has operated since 2002, also through its subsidiaries in **Mexico** (ProSAP SA de CV), **Guatemala** (ProSAP Centroamerica S.A.) and **Perù** (ProSAP Perù SAC), providing professional services and project development in the SAP environment, WEB portal development, and solutions and information systems for the Healthcare sector in the Spanish market and Latin American countries.

Exprivia do Brasil Serviços de Informatica Ltda, a Brazilian company specialised in IT Security solutions, operates at its headquarters in Sao Paulo. Exprivia SpA controls the company with a 52.22% share while the company Simest SpA holds 47.70%.

Exprivia Asia Ltd, a company operating in Hong Kong to act on behalf of Exprivia SpA, its sole shareholder, in the Far East in all market sectors considered strategic for the Exprivia Group. Exprivia Asia Ltd incorporated **Exprivia IT Solutions (Shanghai) Co. Ltd** as sole shareholder. The company is specialised in providing professional services in IT infrastructure and SAP.

Strategic Shareholdings

Software Engineering Research & Practices S.r.l., 6% held by Exprivia SpA, is spin-off of the University of Bari. Its goal is to implement the results of university research in the field of software engineering and transfer them into business processes.

Consortia Initiatives

Cefriel is a consortium company in operation since 1988 as a centre of excellence for innovation, research and training in the Information & Communication Technology sector. Its main goal is to strengthen relations between universities and business through a multidisciplinary approach, starting from business needs and integrating the results of research, the best technologies on the market, emerging standards and the reality of industrial processes to innovate or develop new products and services. On 4 July 2014, Exprivia SpA acquired a 5.78% share.

Italy Care, a consortium of which Exprivia has been a member since 2013 together with Farmalabor Srl, Villa Maria Care & Research Group, and MASMEC Biomed. It was established on 18 March 2014 and represents a consolidated and effective expression of the healthcare services chain with the aim of optimising results and investments in healthcare. Penetration of international markets plays an essential role in the mission of Italy Care. Promoting a winning image in the healthcare chain that crosses borders is the goal of the consortium.

Distretto Tecnologico Pugliese (“DHITECH”), based in Lecce, intends to develop and integrate an interdisciplinary cluster for nanosciences, bioscience and infoscience according to the guidelines of the seventh framework programme and national research plan.

Distretto Tecnologico Nazionale per l’Energia (“DiTNE”), based in Brindisi, it was formed to provide support for research in production sectors in the field of energy, to encourage technology transfer needed by national and international players in the sector, and to favour connections between the worlds of research, production of goods and services, credit and the territory.

Distretto H-BIO Puglia, a consortium company based in Bari, it is known as the “Puglia technological district for human healthcare and biotechnologies”. It will develop its operations in the strategic areas of products for molecular diagnostics and integrated diagnostics, treatment and rehabilitation products and bioinformatics products.

Consorzio SI-LAB: is a consortium for innovation services set up by Daisy-Net as a result of the MIUR funding project for new public and private laboratories. It brings together companies and universities in Puglia and operates in clusters with similar laboratories in Calabria and Sicily. The focus of SI-Lab is the integration of services, which are then experimented in the field of healthcare services.

Distretto Agroalimentare Regionale (“D.A.Re.”), a consortium company based in Foggia, it acts as the interface for technology transfer from the Puglia research system to the agribusiness system. It provides services to support technological innovation by managing complex projects relating to industrial research and competitive development.

Consorzio Biogene was formed to develop the project known as “Public-private laboratory for the development of integrated bioinformatic tools for Genomics, Transcriptomics, and Proteomics (LAB GTP)”.

Società cons. a r.l. “DAISY – NET” was formed to undertake initiatives for the development of an I.C.T. technology centre to be part of a network of regional technology centres.

THE EXPRI^{VIA} BUSINESS MODEL

Today we are one of the main players in the digital transformation of businesses, and we owe this to the wide range of skills and experience we have developed in more than twenty years of working in our various markets.

The Group's business model is distinguished by market segmentation, as follows:

- Banking & Finance
- Telco & Media
- Oil & Gas
- Energy & Utilities
- Aerospace & Defence
- Manufacturing & Distribution
- Healthcare
- Public Sector

Banking & Finance

The world of credit and finance is a complex one that arouses enthusiasm and fascination; however, it is not without its risks. Therefore, it is vital for every institution working within a rapidly evolving sector to have a partner like Exprivia to rely on for IT support.

From risk governance to data leveraging, from clouding to BYOD, from information security to nearshoring services, digital transformation works alongside the evolution of the credit and financial system.

Competence, Consulting, Know-how

With our long-term experience, we can support our customers with customised services and solutions designed to always keep pace with the unique needs of this market.

Exprivia's in-depth knowledge of typical market processes, combined with its solid technical skill and experience working with innovative technology suppliers and market leaders make it the ideal partner to promptly meet the evolving needs of customers.

Exprivia's solutions cover the following areas:

- Capital Market
- Factoring IT Solutions & BPO
- Credit Solutions
- Customer Experience
- Insurance

Systems, infrastructure and security: design, services and solutions

Exprivia's services and solutions cover the following areas:

- Governance, Risk Management and Compliance
- Big Data: from "noise" to "value"
- IT Tools & Outsourcing Services
- Video Conferencing
- Cloud, BYOD and Virtualisation
- IT Technical Consulting and Support Services
- Digital and total security
- On-premises e nearshoring: measurable and accessible.

Telco & Media

More software, less hardware: the world of telecommunications is looking for innovative solutions that are, at the same time, less costly to manage. Operators in the sector are increasingly oriented towards excellence in customer satisfaction, an objective to be pursued through continual improvements in the quality perceived by users of the services. Exprivia accepts this challenge by offering innovative services and solutions for telecommunications, a market influenced by continual technological evolutions.

Digital transformation with virtualization

In telecommunications, technology is not simply a support but the core of the business. An essential condition at a time when all the operators are trying to minimize their operating costs but, at the same time, to increase customer satisfaction.

Exprivia offers operators and builders in the telecommunications sector extremely high-level technological competencies as it allows them to manage the Digital Transformation, reducing their operating costs with innovative solutions.

Exprivia is the ideal partner for the Service Providers that find the solution for being agile, efficient and customer centric in the virtualization of networks and applications.

Exprivia's great ability to build complex systems results in a reduction of operating costs for companies due to the simplicity of management. The quality of the services provided enables the customer to transfer a better customer experience to its users, enabling the single needs to be satisfied also through customer loyalty policies.

The main services and solutions that Exprivia provides to the telecommunications market are:

- Voice & Media Application
- Network Optimization & Transformation
- Next generation OSS Solutions & Services
- IT Infrastructure Management
- Web Portal & Mobile Applications
- Carrier Grade solution development

Oil & Gas

For more than 10 years, Exprivia's knowledge has supported the entire energy sector procurement, distribution and marketing sector. A solid experience in the field of fossil-derived resources has enabled the company to develop process governance systems that are currently applicable to the entire sector, with a particular focus on renewable energy and widespread parcelled sources.

The main process areas covered are:

- In-house logistics and supplies
- Contract Management
- Operational processes
- Marketing and sales
- Administration and finance, planning and control

- Health, safety and environment (HSE)
- Downstream
- Midstream and upstream
- Corporate communication and governance

Energy & Utilities

Thanks to the introduction of innovative processes and services, Exprivia is capable of guaranteeing added value to all utilities that hope to overcome market challenges.

Energy, water and the environment

Support for the entire value chain of marketing and sales companies: management of digital channels, metering, billing and credit management, customer care management and sales solutions, relationship with networks, business intelligence, pricing & supply management, public lighting solutions, energy efficiency, smart metering and smart building.

In the distribution sector, Exprivia is specialized in developing solutions for the management of Network Development, Outage Management, Network Maintenance, Cartographic Service and Grid Topology.

In the production sector, Exprivia has gained competence in solutions for the management of plants and health & safety solutions.

Public transport, airports and ports

Logistics automation, smart ticketing, info-mobility applications, line and vehicle maintenance, workforce management (public transport); public briefing, safety and logistics management, real-time dashboards and monitoring of the main KPIs, crowd management and monitoring, indoor positioning & Port Community System (ports and airports).

Post, communication and logistics

Notification of administrative acts, Telematic postman, ERP solutions, electronic billing, corporate KPI monitoring solutions.

Aerospace & Defence

Safety on flights, land and sea transport, control of operations areas, vehicles, and digitized environments: all this has become fundamentally important in today's world. Its long experience in military and civil environments enables Exprivia to build defence systems and above all prevention systems in which Information Technology is the best tool for protecting humans and vehicles, whether military or civilian.

There is an even more urgent need for preventive action such as monitoring and controlling scenarios: no longer a posteriori but continuous control of vehicles, operating environments and routes, to take action before a crisis can occur.

An essential condition for IT support for strategic decisions in critical situations is situational awareness, the correct perception of what happens in the operating scenarios in real time. Exprivia has again been a protagonist of the digital transformation, which now offers a real advantage to the sector, making it possible to analyse the complexity of heterogeneous information (images, videos, data, texts, symbols, voices and sounds) coming from a large number of sensors, worn, fixed and mobile, during flight, navigation, in orbit and on vehicles or drones.

In particular, Exprivia develops systems for command and control, supervision, presentation of maps, processing of geographical maps and rapid prototyping of air, land and sea transport consoles that ensure

maximum interaction with scenarios increasingly close to reality, also through augmented reality techniques, the richness of georeferenced information and social collaboration.

Space as driver of innovation

The acquisition of ACS in July 2016 opens new markets with a high technological value and strengthens the Group's innovation impetus even further.

ACS' offer focuses on the following areas:

- Ground Segment for the real-time acquisition and processing of data for Earth Observation
- Remote sensing applications for monitoring of the land, study of climate change and handling of environmental emergencies
- Maritime traffic monitoring systems
- Virtual Reality and Augmented Reality applications, usable on fixed and mobile devices.
- Analysis of digital images in the space domain and technological transfer to new sectors (biomedical, non-destructive testing, video-surveillance)

Manufacturing & Distribution

Exprivia rationalizes and reaches excellent levels of performance in the company processes of its customers, by modifying the entire value chain: from analysis to consulting, implementation, the Application and System Management services, also using proprietary, vertical solutions. The strategic relationship between the processes (increasingly simplified, quick and interlinked) and the in-depth knowledge of specific business features enables Exprivia to offer a tool for increasing the company's prospects of success.

Smart Manufacturing, digital innovation in industrial processes.

The recent research projects foreshadow a radical change in business scenarios: the fourth industrial revolution is in progress and will soon bring fully controlled, interconnected and automated production processes through the evolution of technology.

The expression "Industry 4.0", used for the first time at the Hanover Fair in 2011, defines this change in a panorama that is still evolving but already has precise development guidelines.

The four pillars of this transformation constitute the core of Exprivia's know-how and skills:

- use of data and connectivity (big data, open data, Internet of Things, machine-to-machine and cloud computing);
- analytics and machine learning;
- man/machine interaction (touch interfaces and augmented reality);
- digital/real interaction (additive manufacturing, robotic control, machine-to-machine interactions, storage of energy from various sources).

The impact of this transformation will be colossal, like that of the previous industrial revolutions brought over the centuries by steam, electricity, oil and computers and will only be quantifiable in the future. In the meantime, however, the clouding technologies are already influencing the work dynamics, which are evolving extremely rapidly. Every business must therefore introduce digital innovation in its industrial processes to gain the benefits of Smart Manufacturing.

Exprivia has taken this extraordinary opportunity by strengthening the entire industrial process with its digital solutions and automating the management of huge quantities of information in a simple, rational

and efficient way, thus converting it into a strong presence on the market. This is the natural evolution of the vertical offer that Exprivia develops on the various industrial markets.

Exprivia, a SAP Gold Partner for 10 years

Exprivia is currently one of the main Italian companies specialized in the design, development and integration of software solutions and innovative services, with its many corporate skills gained during its twenty years of activity and through a privileged relationship with SAP for over 10 years. Exprivia provides the most innovative SAP solutions, such as SAP Business Suite 4 SAP HANA (High-Performance Analytic Appliance, an architecture designed to manage extremely high rates of complex transactions and queries on the same platform) with a view to ensuring the go-to-market for its customers and giving them the most appropriate support in the development and innovation of their business processes. The main areas of activity are Administration, Finance and Control, Operation & Logistics, Business Analytics, Human Capital Management

Professionals for your company's performance

500 professionals specialized in ERP and Extended ERP solutions, including over 300 certified resources, distributed across Italy and overseas (Spain, Mexico, Brazil, other Latina American countries and China) make Exprivia one of the leading players in the field of digital transformation.

- Service Partner
- Validated Expertise Partner
- Gold Var (Value Added Reseller) &PCoE (Partner Center of Expertise)
- Fast Start
- Smart BI - 1st EMEA partner
- RUN SAP Implementation - 1st partner in Italy
- Sybase Silver Partner
- Open Text Premier Partner
- SuccessFactors Solution Partner.

Managing health is more than simply controlling healthcare expenditure. The operators in this sector have been saying this for years. Relations between the regional government, the healthcare facilities and the users must be improved by adopting technological innovations.

Exprivia is the ideal partner for a healthcare system oriented towards an excellent future that combines savings with efficacy and efficiency: its technological solutions for the healthcare system ensure absolute, simple and reliable technological coordination between the regional government and the healthcare provided by local health authorities, hospitals, ARNAS and IRCCS research centres, general and specialized hospitals, and domiciliary care systems.

A team of 350 specialists, 30 years of operation in the IT sector, solutions and services at 500 hospitals for 20 million patients confirm the efficacy of the Exprivia solutions in satisfying the needs of the healthcare sector, of fundamental importance for the economy and development of every region.

Suite of solutions

The Regions with the most efficient health service are those that spend the most but also spend the best, that is, without causing overruns of the regional budgets.

The Exprivia systems connect the entire Regional Healthcare system, from the administrative and management centres to the public and private hospital facilities along the entire supply chain, to the individual professionals and on-line services for users, so as to get the most from every resource.

This is done using the e4Cure suite, expressly designed for the healthcare environment, which coordinates the two main branches of the health system:

- Local healthcare providers
- Regional authorities and agencies

creating interface flows that ensure total, structured control.

Quality and risk monitoring

In addition to its ISO 9001 quality certification, Exprivia has set up an ISO 13485 Medical Device quality system for monitoring clinical risks.

Public Sector

Cybersecurity, digital identity, digital documents and electronic payments: the Digital Agenda for Italy designs the economy 4.0, increasingly based on Big Data and the IoT.

Intangible infrastructure and digital citizenship

You can call it e-government, e-gov or digital administration: for us, it is just called innovation, simplicity and reliability for the protection of businesses, residents, public employees and the government.

Bureaucratic streamlining through the digitalised management of the PA - along with organisational renewal activities - now allows for the reconciliation of spending optimisation with service quality, as it provides users with multiple rapid and effective communication channels that connect residents with public institutions and provide the latter with a series of worry-free and completely secure tools for completing administrative procedures.

From this perspective, Exprivia has been able to rely on much of its experience in optimising processes for large private enterprises, which it has reconceptualised based on the needs of central and local governments and broken down into a range of areas, including:

- products and services for management (financial statements and accounting, human resources, management control, demographic services, document management, social services, etc.);
- eGovernment for relations with the public, businesses and institutions;
- eProcurement for purchase processes and to monitor suppliers;
- storage and sharing of electronic documents;
- planning and control through business intelligence platforms and business analytics;
- performance measurement in PA processes;
- solutions to support administrative processes concerning self-governance and cooperation between administrations (SOA paradigm);
- exchanging information between entities, citizens and businesses through a single point of access;
- system integration for operational continuity 24/7 and automatic system repairs.

SKILLS

Working for the world to come requires not only a lively imagination, but also and especially solid training that keeps us continuously updated on trends and transformations under way to anticipate the needs of the market.

The Group has a team of highly-skilled experts specialised in several different technological areas:

- Capital Market
- Credit & Risk Management
- IT Governance & Infrastructure
- Big Data & Analytics
- BPO
- Cloud
- IoT
- IT Security
- Mobile
- SAP Suite

PERFORMANCE OF EXPRIVIA GROUP RESULTS

The result of **revenues by business area** in the first quarter of 2017 amounted to Euro 35.9 million, compared with Euro 31.6 million last year.

Details of revenues relating to 31 March 2017 are shown below, compared with the figures for the same period of the previous year, broken down by business area (in K €).

Business Areas	31/03/2017	31/03/2016	Variation	Variation%
Banking & Finance	5,803	5,624	178	3.2%
Energia e Utilities	7,421	4,518	2,903	64.3%
Industry	2,961	3,178	(217)	-6.8%
Oil e Gas	3,631	3,136	495	15.8%
Telco & Media	4,855	5,047	(192)	-3.8%
Healthcare	5,199	5,508	(309)	-5.6%
Aerospace & Defence	4,122	2,406	1,716	71.3%
International Business	1,666	1,972	(306)	-15.5%
Other	232	220	12	5.5%
Total	35,890	31,609	4,281	13.5%

Details of the net revenues relating at 31 March 2017 compared with the figures for the same period of the previous year, broken down by business segment (€/1000).

Exprivia Group (value in k Euro)	31/03/2017	31/03/2016	Variation	Variation%
Projects and Services	30,531	27,389	3,142	11.5%
Maintenance	4,109	3,089	1,020	33.0%
HW/ SW third parties	833	712	120	17.0%
Own licences	183	199	(16)	-8.0%
Other	234	220	14	6.4%
Total	35,890	31,609	4,281	13.5%

Details of revenues relating to 31 March 2017 are shown below, for the same period of the previous year, broken down by private and public sector (in K €).

Exprivia Group (value in k Euro)	31/03/2017	Effect %	31/03/2016	Effect %	Variations %
PRIVATE	30,272	84.3%	24,473	77.4%	23.7%
PUBLIC	5,618	15.7%	7,136	22.6%	-21.3%
Total	35,890		31,609		13.5%

Details of revenues relating to 31 March 2017 are shown below, compared with the figures the same period of the previous year, broken down by geographical area (in K €).

Exprivia Group (value in k Euro)	31/03/2017	Effect %	31/03/2016	Effect %	Variations %
ITALY	31,782	88.6%	29,083	92.0%	9.3%
FOREIGN	4,109	11.4%	2,526	8.0%	62.6%
Total	35,890		31,609		13.5%

Banking & Finance

The **Banks, Finance and Insurance** Business Unit closed the first quarter of 2017 with an increase of 3.2% compared with the 2016 results (Euro 5.8 million in the first quarter of 2017 compared to Euro 5.6 million in the first quarter of 2016), despite the uncertain trend typical of the first quarter in this sector for several years now, confirming a trend that results in new investments being postponed until at least the end of the second quarter.

This also explains the way in which the various components of the BU contributed, to varying extents, to the quarter's results: the positive impacts arise either from projects undertaken in the autumn of 2016 or from new projects as a result of regulatory requirements, negative impacts arise either from important contracts concluded in 2016 or from postponements of new launches. Indeed:

- In the Finance segment, results increased by more than 17%, benefiting both from a number of projects started in the second half of 2016 and from important developments in 2017 strongly characterised by our customers' need for regulatory compliance.
- In the Credit & Risk Management segment results grew by 16%, particularly for the services component, benefiting both from the acquisition of contracts at the end of 2016, and from the involvement, in 2017, in the wide-ranging programmes in the field of Risk Management being launched by our main customers.
- In the Factoring segment, results decreased by more than 8% as a result both of the conclusion, in the first half of 2016, of a historic partnership with a customer that accounted for nearly 9% of the segment's revenues, and the renewals of agreements with other important customers which, having been confirmed for the next three years, have resulted in an average reduction in fees of more than 15%. The excellent performances recorded for other customers and the trading operation of customers started in 2016 counterbalance these negative impacts.
- The contribution of Digital Transformation, Big Data Analytics, Compliance, Security, GRC and Infrastructure fell by almost 5%, due to both delays in the delivery of some Customer Experience projects, which impeded the subsequent developments envisaged in this quarter, and to postponements in the assignment of some important orders in security and infrastructure. Of particular note is a major order, relating to the development of a custom solution, requested by a leading banking group, for obligations relating to IFRS9 legislation. This contract will be carried out with the involvement of the Finance Department of the BU.

In conclusion a positive quarter which, despite not all the opportunities in the pipeline having materialised, benefited from the Business Development effort initiated last year and further paved the way to confirming the growth hypotheses projected in 2017.

Utilities

In the first quarter of 2017, the **Utilities** Business Unit recorded revenues of Euro 7.4 million compared to Euro 4.5 million in the first quarter of 2016. The increase compared with the previous period of 2016 (+64.3%) is due to the contracts already commenced during 2016 that became fully operational in the first quarter of 2017.

The Utilities Business Unit is continuously active in pursuing the operational efficiency and digital transformation goals of its customers by participating in innovative projects with an international scope.

In the last quarter of 2016, Exprivia was awarded various contracts in the “water” sector (Euro 0.4 million), the “Waste Management” sector (EUR 1 million) and the “Energy” sector (Euro 0.4 million), the effects of which will begin to be seen from the second quarter of 2017.

In the first quarter of 2017, a new contract for approximately Euro 5 million was acquired in the field of Energy and two new contracts in the field of “Waste Management” (Euro 0.9 million Euro) and “Logistics PI” (EUR 5 million) are in the acquisition stage.

Industry

In the first quarter of 2017, the **Industry** Business Unit closed with revenues of Euro 3 million compared to Euro 3.2 million in the first quarter of 2016.

Industry results in the first quarter of 2017 were largely stable compared to the first quarter of 2016; the growth trend seen last year was consolidated, particularly with regard to professional services, with supply rather than demand dynamics now acting as the biggest brake on growth.

The customer base was provided with design services, application management services and in-cloud services, as part of mature offers such as those relating to ERP, HCM and extended ERP processes, rather than relating to highly innovative issues, like CRM solutions applied to after sales processes.

Good results were obtained in international rollouts in Europe and the Far East for customers with head offices in Italy.

The launch last year by the software vendor Sap of innovative solutions based on the Hana platform is gaining the confidence of the market, and investments made in this respect are positioning us as one of the leaders on the Italian market. Again in terms of the offer, positive results were achieved in the development of web solutions and portals, bringing the efforts capitalised on in our Research and Development laboratories to the market.

Oil & Gas

For the **Oil & Gas** Business Unit, the first quarter of 2017 saw a marked leap forward in **revenues, which grew** compared with both the **corresponding period of 2016** (+ 15.8%) and the **previous quarter** (+ 6%), consolidating the trend that began at the end of 2016. This result is attributable to the entry into full operation of the contracts acquired in the third quarter of 2016 and the start-up of important digital transformation initiatives for some operators in the energy market in Italy. In particular, **the share of revenues from Gas and Oil logistics optimisation projects increased**. Corporate projects in the area of **Administration, Finance and Control** and projects for the improvement of processes in the area of **Procurement** and **HCM** also provided a strong boost to revenue growth. Revenues in the area of **Portals and Web Applications** also grew; the BU was in fact involved in some important initiatives to improve the Digital Customer Experience of Light and Gas users and, more generally, supported its customers in the development of their digital communication strategies. During the quarter the BU continued to develop its transversal offer in the area of **Business Process Management & Integration** and **Analytics**, acquiring important projects and thus further consolidating its competitive positioning.

The growth in revenues was made possible both through a plan to **hire** new resources — Analysts and Web Developers — and through a plan for the **empowerment of the skills** of staff of the BU that had already been started during the last quarter of 2016 and that has allowed the BU to acquire numerous technical certifications.

Telco & Media

The **Telco & Media** Business Unit closed the first quarter of 2017 with revenues of Euro 4.9 million, substantially in line with the figures for the first quarter of 2016 (Euro 5 million).

During the first quarter of 2017, the Telco & Media business unit continued to consolidate business relationships with the main players in the field of telecommunications in Italy, acquiring major contracts linked to the activation of new broadband access networks, to the automation and streamlining of the business processes of its customers, to vertical data analytics solutions for the monitoring of quality KPIs and for the predictive maintenance of fixed and mobile network services, and the implementation of innovative solutions for telecommunications security and privacy.

Healthcare

In the first quarter of 2017, the **Healthcare** Business Unit recorded revenues of Euro 5.2 million compared to Euro 5.5 million in the first quarter of 2016, down 5.6% compared to the results for the same period of the previous year.

Compared to the same period of 2016, the PAL area recorded growth of 1% in the first quarter of 2017, while the health area saw revenues reduce by approximately 7%, due mainly to the termination or reworking of some services for the public sector for which the launch of the contracts acquired in the second half of 2016 has not yet taken place due to procedural delays and administrative matters.

Public Sector

The **Public Sector** Business Unit closed the first quarter of 2017 with revenues of approximately Euro 1.7 million, down slightly compared to the same period of the previous year.

During the first quarter, the **Central Public Administration** began activities relating to a large Digital Transformation project involving the HR systems managed by the MEF, following a tender awarded in 2016.

In this first quarter, new important contracts were awarded to Exprivia both in **Central Public Administration** and in **Local Public Administration**, which will have an impact on revenues in the coming quarters

All this in a context where we are beginning to see the first signs of recovery in ICT investments, necessary in order to implement the Digital Transformation strategy broadly defined by the Government and various government agencies.

Aerospace & Defence

In the first quarter of 2017, the **Defence & Aerospace** Business Unit achieved revenues of Euro 2.5 million compared to Euro 0.8 million in the same period of the previous year (2016). This change is mainly attributable to the contribution arising from the acquisition of the new equity investment in ACS Srl.

More specifically, despite the confirmed contracting market trend due to a heavy focus on expenditure reduction by the sector's main industries and entities, Exprivia's Defence & Aerospace business launched new orders in air traffic control in the first quarter.

For ACS, in Defence & Aerospace the market confirmed the increased incidence over the quarter of service contracts (maintenance, operations support, specialised consulting) supplied to customers, compared to contracts for the development of SW systems. Of particular note are the contracts for the maintenance of DFEP components under the Copernicus programme, the extension of the maintenance services for the Payload Data Segment (PDS) of the ESA's Cryosat scientific mission, the extension of engineering support services for the operation and maintenance of the SW of the Sentinel-2 system, and engineering support for Cosmo Second Generation (satellite system of the Italian Space Agency).

International Business

Exprivia's activities on non-Italian markets registered a sharp drop in revenues in 2016, from Euro 10.4 million to Euro 7.8 million. The first quarter of 2017, however, was almost in line with the previous year for Mexico and Guatemala, up in Brazil and continuing to drop in Spain. In Spain, where the Exprivia Group was present through two subsidiaries, **Profesionales de Sistemas Aplicaciones y Productos SL (ProSap)** and **Exprivia SL.**, their merger was completed in 2016 by combining the commercial and technical structures to strengthen the offer of ERP applications and SAP services for industry and distribution of Business Intelligence solutions for the Healthcare sector.

The reorganisation referred to above, the results of which during 2016 were not entirely satisfactory, and are still not being seen in the first quarter of 2016, is beginning nonetheless to show interesting commercial signs. The economic-capital restructuring, on the other hand, resulted in the stabilisation, in the last quarter, of revenue lines through the containment of market risks. The cost structure was rationalised and adapted to potential revenues. The SAP business area largely maintained activities with its customer base. The Business Intelligence area was reduced considerably, essentially owing to the decrease in investments by the biggest customer in the Healthcare sector. Despite decreasing revenues, the Spanish company's first quarter saw a substantial recovery in EBTDA.

In Central America, where the Exprivia Group operates directly through **Prosap Mexico** and Prosap Centroamerica (Guatemala), sales and delivery actions continued with major private and public companies operating in the infrastructure construction sector in Latin American countries. The Mexican company was also the subject of an economic-capital restructuring. The first quarter showed a slight decrease in revenues and an equally slight decrease in EBTDA.

With a view to stabilising relations in the area and better monitoring country risk, sales and development initiatives were strengthened throughout the area; the branch **in Ecuador** and the company **Prosap Peru**, the latter awaiting sales initiatives in the healthcare and telecommunications domains which could inject fresh impetus.

In Brazil, revenues for the company **Exprivia do Brasil Serviços de Informatica Ltda** increased significantly compared to the previous financial year thanks to the sales initiatives launched during 2016. Profitability also increased significantly and more than proportionally to the increase in revenues. In **China**, where **"Exprivia IT Solutions (Shanghai) Co. Ltd"**, whose sole shareholder is **"Exprivia Asia Ltda" in Hong Kong**, has developed its business in providing professional services in IT infrastructure and SAP. The first quarter of 2017 showed a decrease in turnover of 18.8% compared to 2016; efforts to rationalise and achieve greater efficiency have led to a reduction in costs which, despite the decline in revenues, have improved profitability. The customer base is still currently made up of Italian companies and institutions operating in China and European manufacturing industries.

SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2017

Corporate Events

On **16 March 2017**, the Company's Board of Directors, based on the prior favourable opinion of the Board of Statutory Auditors, **appointed Valerio Stea**, the new administrative manager of the holding company Exprivia Spa, as **Executive Manager responsible for preparing the corporate accounts** of the Exprivia Group.

Acquisitions/Sales in the Exprivia Group

On **30 March 2017**, Exprivia SpA took over the shares held by Christian Maggioni in **Exprivia do Brasil Serviços de Informatica Ltda**, bringing its shareholding up to 52.30%.

EVENTS AFTER 31 MARCH 2017

Corporate Events

On **27 April 2017**, the **shareholders' meeting of Exprivia SpA** met on first call to **approve the financial statements as at 31/12/2016**. The **Corporate Governance and Ownership Report and the Remuneration Report** for Directors and Key Management of the Exprivia Group were approved during the same shareholders' meeting. Both reports are published on the company's website in the "Investor Relations – Corporate Governance – Corporate Information" section.

The ordinary shareholders' meeting **also approved the issuing of a new authorisation to purchase and dispose of own shares** within the meaning of Articles 2357 and 2357-ter of the Italian Civil Code and **proceeded to nominate the new corporate bodies**, the offices of the previous bodies having expired upon approval of the 2016 financial statements.

The new Board of Directors, whose term of office will expire when the year-end 2019 Financial Statements are approved, is composed as follows:

Board Member	Office	Executive/ Non- Executive	Place and Date of Birth	Gender	First Appointment
Domenico Favuzzi	Chairman and Chief Executive Officer	Executive	Molfetta (BA) 18/04/1962	M	29 June 2005
Dante Altomare	Vice Chairman	Executive	Molfetta (BA) 18/09/1954	M	29 June 2005
Angela Stefania Bergantino	Independent Director (*)	Non-Executive	Messina 24/09/1970	F	23 April 2014
Eugenio Di Sciascio	Independent Director (*)	Non-Executive	Bari 13/03/1963	M	27 April 2017
Filippo Giannelli	Director	Executive	Camposampiero (PD) 16/09/1971	M	27 April 2017
Marina Lalli	Independent Director (*)	Non-Executive	Bari 08/01/1969	F	27 April 2017
Alessandro Laterza	Independent Director (*)	Non-Executive	Bari 09/02/1958	M	31 March 2008
Valeria Savelli	Director	Non-Executive	Matera 15/10/1962	F	28 April 2011
Gianfranco Viesti	Independent Director (*)	Non-Executive	Bari 09/08/1958	M	23 April 2014

(*) Independent Directors pursuant to art. 3 of the Corporate Governance Code adopted by Borsa Italiana

The new Board of Statutory Auditors, whose term of office will end when the year-end 2019 Financial Statements are approved, is composed as follows:

Board Member	Office	Place and Date of Birth	Gender
Ignazio Pellecchia	Chairman	Bari 28/06/1968	M
Anna Lucia Muserra	Standing Auditor	Genoa 21/09/1962	F
Gaetano Samarelli	Standing Auditor	Molfetta (BA) 07/12/1945	M
Rosa Occhiogrosso	Alternate Auditor	Bari 30/01/1978	F
Mauro Ferrante	Alternate Auditor	Bisceglie (BA) 01/11/1964	M

Acquisitions/Sales in the Exprivia Group

There were no significant events worth noting.

STAFF AND TURNOVER

The tables below show the company workforces as at 31 March 2017, compared with those at 31 March 2016. In particular, the first table (Table 1) shows the number of resources and the average resources per company. In terms of percentage, part-time workers make up around 25.87% of all employees and work on a part-time basis in various arrangements of contractual working hours. The second table (Table 2) shows the workforce expressed in full-time equivalent (annual work units excluding resources subject to CIGO [ordinary wages guarantee fund]/CIGD [extraordinary wages guarantee fund]/absences due to long-term illnesses).

Table 1.

Company	Employees		Average employees		Temporary workers		Average temporary workers	
	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017
Exprivia SpA	676	662	676	663	2	2	2	2
Exprivia Healthcare IT Srl	332	326	333	327	-	-	-	-
Exprivia Enterprise Consulting Srl	145	119	147	120	1	1	1	1
Exprivia Digital Financial Solutions Srl	197	203	196	200	-	-	-	-
Exprivia Projects Srl	226	254	218	249	-	-	-	-
Exprivia Process Outsourcing Srl	-	257	-	250	-	-	-	-
Exprivia Telco & Media Srl	361	361	359	358	0	-	0	-
Advanced Computer Systems Srl	0	63	-	63	-	-	-	-
Exprivia IT Solutions Shanghai	18	12	17	13	1	1	1	1
Exprivia SLU (Spain)/ProSap SA de CV/ProSap Centroamerica SA/	86	83	89	85	6	-	6	0
Exprivia do Brasil Servicos de Informatica Ltda	21	21	21	21	7	7	8	7
Spegea Scarl	8	7	8	7	1	1	1	1
Total	2070	2368	2064	2356	18	12	19	12
<i>Executives</i>	<i>39</i>	<i>46</i>	<i>41</i>	<i>46</i>	-	-	-	-
<i>Middle Managers</i>	<i>184</i>	<i>194</i>	<i>191</i>	<i>194</i>	-	-	-	-

Table 2.

Company	Employees		Temporary workers	
	31/03/2016	31/03/2017	31/03/2016	31/03/2017
Exprivia SpA	654	644	2	2
Exprivia Healthcare IT Srl	319	307	-	-
Exprivia Enterprise Consulting Srl	139	109	1	1
Exprivia Digital Financial Solutions Srl	192	193	-	-
Exprivia Projects Srl	149	144	-	-
Exprivia Process Outsourcing Srl	-	169	-	-
Exprivia Telco & Media Srl	341	357	0	-
Exprivia IT Solutions Shanghai	17	12	1	1
Exprivia SLU (Spain)/ProSap SA de CV/ProSap Centroamerica SA/	86	83	6	-
Advanced Computer Systems Srl		60	-	-
Exprivia do Brasil Servicos de Informatica Ltda	21	21	7	7
Spegea Scarl	7	6	1	1
Total	1925	2105	18	12
<i>Executives</i>	<i>39</i>	<i>46</i>		
<i>Middle Managers</i>	<i>183</i>	<i>192</i>		

In both tables, the numbers of employees in March 2017 for the companies Exprivia SLU (Spain)/ ProSap SA de CV/ ProSap Centroamerica SA, were revised compared to March 2016 as a result of a reclassification of the staff contract categories to align them with Italian categories.

INTER-COMPANY RELATIONS

The organisational structure of the Exprivia Group functionally integrates all staff services of the Group subsidiaries within the consolidation area, thereby optimising the operational structures of each company to ensure effectiveness and efficiency in supporting the business of the Group.

The Administration, Finance and Control Department unites the Group Finance function with the Administration, Finance and Control functions.

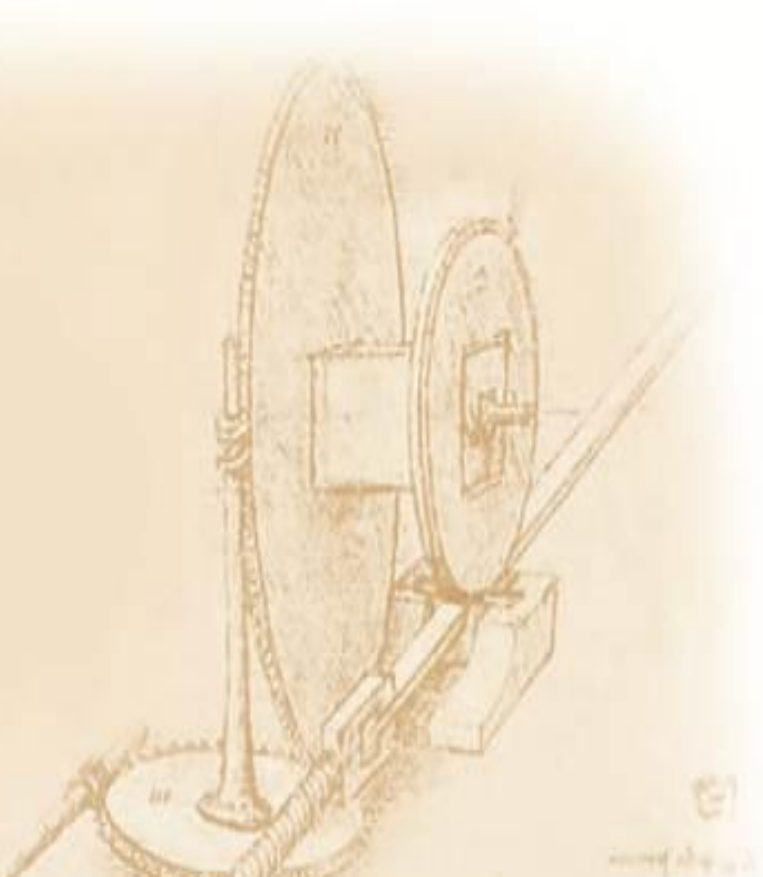
The Human Resource Department reports directly to the Chairman of the Exprivia Group, who is the head of the department ad interim.

The Internal Audit, Merger & Acquisition, Corporate Affairs and International Business Departments also report to the Chairman.

The Group companies constantly collaborate with each other for commercial, technological and application development. In particular the following should be pointed out:

- widespread use of specific corporate marketing and communication competencies within the group including the production of paper, digital and web-based promotional material;
- centralised management for the supply of specialist technical resources between group companies to manage critical points in turnover and to give all operational units access to highly specialised technical competencies;
- coordinated participation by Exprivia in public contract tenders with the contribution of all companies according to their specific competencies.

A cash pooling relationship is in place between the Italian Group companies, and all companies adhere to tax consolidation based on a specific regulation.



RELATED-PARTY TRANSACTIONS

In compliance with applicable legislative and regulatory provisions, and in particular with:

(i) the “Regulations on transactions with related parties – CONSOB resolution no. 17221 of 12 March 2010” as amended by resolution no. 17389 of 23 June 2010; (ii) the outcome of the subsequent “consultation” published by CONSOB on 24 September 2010; (iii) the CONSOB notice on guidelines for applying the regulations published on 24 September 2010; (iv) CONSOB notice no. 10094530 of 15 November 2010 with additional clarifications;

On 27 November 2010 the Board of Directors of the Company adopted a “Procedure for Transactions with Related Parties”, setting forth provisions concerning transactions with related parties in order to ensure the transparency and substantive and procedural correctness of operations with related parties carried out directly or through companies that are directly and/or indirectly controlled by Exprivia (the “Exprivia Group”).

This procedure replaced the one previously in force, which was introduced on 26 March 2007, and is available on the company’s website in the section “Corporate > Corporate Governance > Corporate Information”.

The transactions with related parties carried out in the first quarter of 2017 fall within the scope of normal business operations and were carried out on an arm’s length basis. No atypical or unusual transactions were carried out with related parties.

GROUP RELATIONS WITH THE PARENT COMPANY

Below are shown the economic and equity relationships between the Exprivia Group and the parent company Abaco Innovazione SpA as at March 31, 2017, compared with the figures as of December 31, 2016.

RECEIVABLES

Description	31/03/2017	31/12/2016	Variation
Exprivia S.p.A.	3,089,898	3,066,588	23,310
TOTAL	3,089,898	3,066,588	23,310

The balance as at 31 March 2017 includes, for an amount of Euro 2,985,338, the receivable relating to an unsecured loan with no guarantees taken out in 2016 with the parent company Abaco Innovazione SpA and disbursed for Euro 1,680,000 in cash and, for Euro 1,305,338 as reclassification of payables outstanding as at 31 December 2015. The balance also included Euro 98,460 in interest income accrued on said loan and receivables for administrative services (Euro 6,100).

COSTS

Description	31/03/2017	31/03/2016	Variation
Exprivia SpA	94,170		94,170
TOTAL	94,170	0	94,170

The balance as at 31 March 2017 refers to costs for the guarantee given by the parent company to obtain the Euro 25 million loan disbursed to Exprivia SpA by a pool of banks in April 2016.

REVENUE AND INCOME

Description	31/03/2017	31/03/2016	Variation
Exprivia S.p.A.	22,819	6,918	15,901
TOTAL	22,819	6,918	15,901

The balance as at 31 March 2017 refers, for Euro 22,819, to interest on the loan granted to the parent company.

BUSINESS OUTLOOK

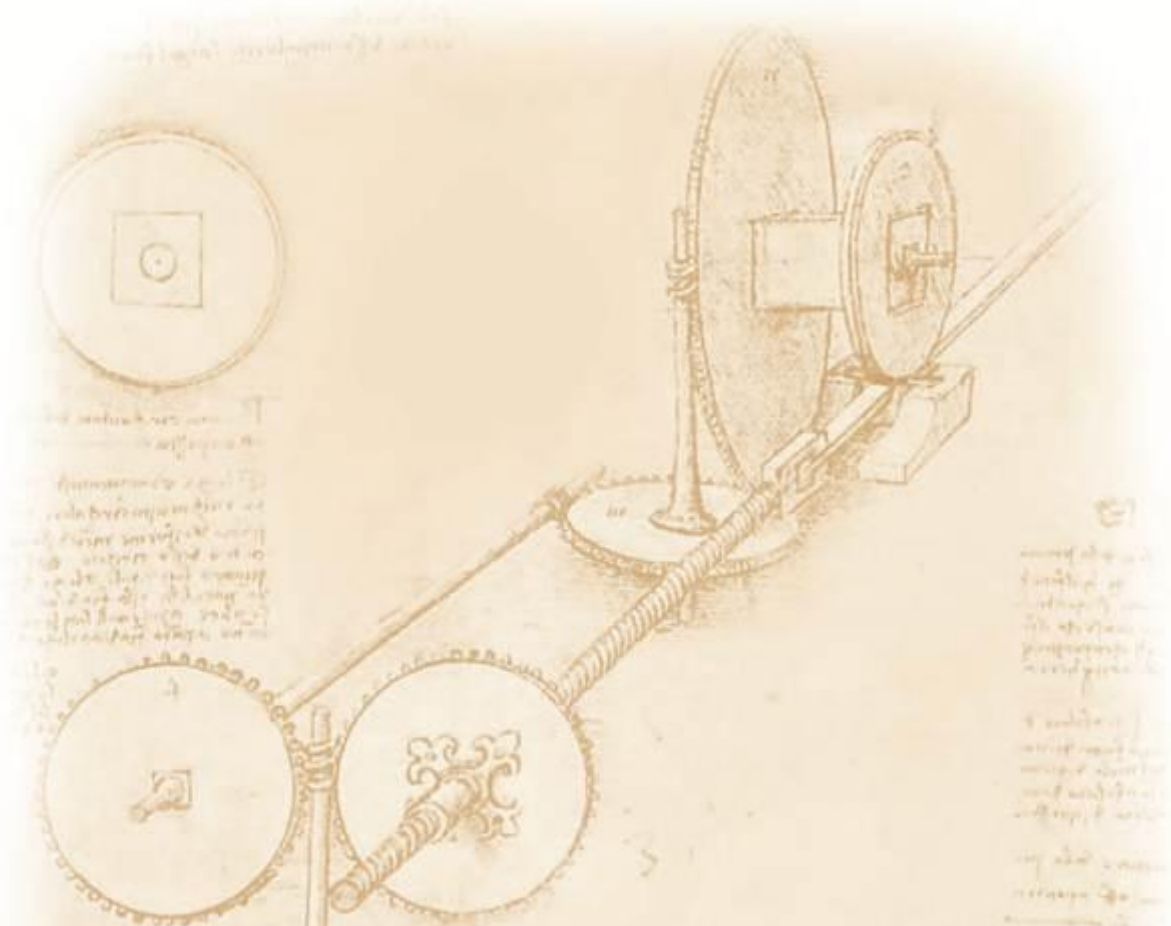
2017 started well for our group, as expected at the beginning of the year. The Group is therefore back on the path to growth and increased profitability.

As widely announced in previous quarters, contracts in the BPO services market have moved into the operational phase and the parent company showed a positive performance in the Energy & Utilities and Public Sector markets.

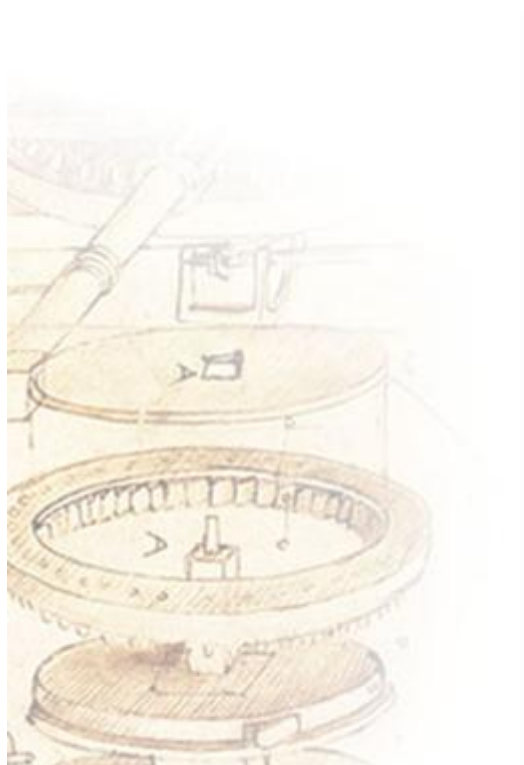
Our group, confident in the trust of its customers, thus continues to grow in digital transformation technologies and solutions, providing HRM and Marketing platforms for Energy & Utilities customers, and Big Data platforms for Finance, and also SAP Mobile and Aerospace.

Abroad the Group recorded a marked recovery in profitability.

All these elements, which confirm the projections in the plans for 2017, lead us to hold a positive outlook for the coming quarters, increasingly characterised by a drive towards digitally transforming companies and public administration.



Quarterly Consolidated Financial Statements of the Exprivia Group



CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017

Consolidated Balance Sheet

Amount in Euro			
	Note	31.03.2017	31.12.2016
Land and buildings		13,648,056	13,869,992
Other assets		2,020,493	2,171,240
Property, plant and machinery		15,668,549	16,041,232
Goodwill		67,391,066	67,428,110
Goodwill and other assets with an indefinite useful life		67,391,066	67,428,110
Intangible assets		3,938,229	4,112,591
Research and development costs		4,020,847	4,188,397
Work in progress and advances		3,616,152	3,314,652
Other Intangible Assets		11,575,228	11,615,640
Investments in other companies		167,661	167,561
Shareholdings		167,661	167,561
Receivables to parent companies		2,596,910	2,596,910
Other receivables		222,635	209,659
Derivative financial instruments		34,568	34,568
Other financial assets		2,854,113	2,841,137
Other receivables		1,772,942	1,772,942
Other financial assets		1,772,942	1,772,942
Tax advances/deferred taxes		3,000,842	2,943,418
Deferred tax assets		3,000,842	2,943,418
NON-CURRENT ASSETS		102,430,402	102,810,040

Amount in Euro	31.03.2017	31.12.2016
Trade receivables	66,146,926	59,422,457
Other receivables	9,634,998	9,527,989
Tax receivables	2,656,148	2,796,038
Trade receivables and other	78,438,072	71,746,484
Stock	1,033,606	1,019,248
Stock	1,033,606	1,019,248
Work in progress to order	17,886,240	15,652,180
Work in progress to order	17,886,240	15,652,180
Other receivables	569,106	1,572,833
Receivables from parent	492,989	469,678
Other Financial Assets	1,062,095	2,042,511
Current banks	5,723,894	12,455,496
Cheques and unrepresented effects	32,425	39,437
Cash resources	5,756,319	12,494,933
Shareholdings in subsidiaries	462,748	462,748
Assets classified as owned for sales and those included in aggregates for disposal	462,748	462,748
CURRENT ASSETS	104,639,080	103,418,104
ASSETS	207,069,482	206,228,144

Amount in Euro			
		31.03.2017	31.12.2016
Share Capital		25,154,899	25,154,899
Share capital	1	25,154,899	25,154,899
Share premium		18,081,738	18,081,738
Share Premium Reserve	1	18,081,738	18,081,738
Revaluation reserve		2,907,138	2,907,138
Revaluation reserve	1	2,907,138	2,907,138
Legal reserve		3,931,382	3,931,382
Revaluation reserve	1	3,931,382	3,931,382
Other reserves		20,547,914	20,579,266
Other reserves	1	20,547,914	20,579,266
Retained earning/loss		5,067,759	2,246,057
Profits/Losses for previous periods	1	5,067,759	2,246,057
Profit/Loss for the period		931,732	2,838,069
SHAREHOLDERS' EQUITY		76,622,563	75,738,549
Minority interest		1,017,042	994,361
GROUP SHAREHOLDERS' EQUITY		75,605,520	74,744,189

Amount in Euro	31.03.2017	31.12.2016
Non-current bond	1,844,186	1,839,297
Non-current bond	1,844,186	1,839,297
Non-current bank debt	24,899,596	24,624,683
Non-current bank debt	24,899,596	24,624,683
Trade payables after the financial year	668,840	698,021
Payables to other lenders	10,000	10,000
Derivative financial instruments	11,393	12,503
Other financial liabilities	690,233	720,524
Tax liabilities and amounts for social security payable after the financial year	2,617,042	2,881,594
Other financial liabilities	2,617,042	2,881,594
Amounts payable to pension and social security institutions	409,188	436,004
Other no current liabilities	409,188	436,004
Other provisions	990,179	1,068,718
Provision for risks and charges	990,179	1,068,718
Employee severance indemnities	10,325,845	10,403,774
Employee provisions	10,325,845	10,403,774
Provisions for deferred taxes	1,189,219	1,189,221
Deferred tax liabilities	1,189,219	1,189,221
NON CURRENT LIABILITIES	42,965,488	43,163,815

Amount in Euro	31.03.2017	31.12.2016
Current bond	1,554,873	1,508,246
Current bond	1,554,873	1,508,246
Current bank debt	24,145,509	25,845,581
Current bank debt	24,145,509	25,845,581
Trade payables	18,767,319	18,816,906
Trade payables	18,767,319	18,816,906
Advances	3,241,304	3,394,884
Advances payment on work in progress contracts	3,241,304	3,394,884
Payables for equity investments	359,999	359,999
Other payables	936,569	925,172
Other financial liabilities	1,296,568	1,285,171
Tax liabilities	11,380,503	12,360,112
Tax liabilities	11,380,503	12,360,112
Payables to welfare and social security institutions	5,157,262	6,866,252
Other payables	21,938,093	17,248,628
Other current liabilities	27,095,355	24,114,880
CURRENT LIABILITIES	87,481,431	87,325,780
TOTAL LIABILITIES	207,069,482	206,228,144

Consolidated Income Statement at 31 March 2017

Amount in Euro			
		31.03.2017	31.03.2016
Revenue from sales and services		35,872,234	31,654,400
Revenues	2	35,872,234	31,654,400
Other revenues and income		135,188	174,724
Grants related to income		135,632	441,901
Increase in capitalised expenses for internal projects		620,627	316,844
Other income	3	891,447	933,469
Var. stock of products being processed, semi-finished items		17,362	(45,010)
Variation in stock of finished products and products being processed	4	17,362	(45,010)
PRODUCTION REVENUES		36,781,043	32,542,859
Costs of raw, subsid. & consumable mat. and goods	5	2,644,336	2,500,453
Salaries	6	24,940,435	22,258,138
Costs for services	7	4,940,998	4,726,199
Costs for leased assets	8	1,036,201	1,061,824
Sundry operating expenses	9	107,034	172,254
Provisions	10	79,205	98,833
TOTAL PRODUCTION COSTS		33,748,209	30,817,701
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		3,032,834	1,725,158

Amount in Euro			
		31.03.2017	31.03.2016
Ordinary amortisement of intangible assets		704,502	520,453
Ordinary amortisement of tangible assets		352,796	480,477
Devaluation of credits included in working capital		103,084	60,562
Amortisation, depreciation and write-downs	11	1,160,382	1,061,492
OPERATIVE RESULT		1,872,452	663,666
Financial income and charges	12	(320,958)	(625,435)
PRE-TAX RESULT		1,551,493	38,231
Income tax	13	619,761	311,749
PROFIT OR LOSS FOR THE PERIOD	14	931,732	(273,518)
Attributable to:			
Shareholders of holding company		894,479	(287,193)
Minority interest		37,254	13,675
Earnings per share losses	15		
Basic earnings per share		0.0192	(0.0058)
Basic earnings diluted		0.0192	(0.0058)

Consolidated Statement of Comprehensive Income

Amount in Euro		
Description	31/03/2017	31/03/2016
Profit for the year	931,732	(273,518)
Total other comprehensive income (loss) will not subsequently be reclassified in profit (loss)	-	-
<i>Other gains (losses) total that will be subsequently reclassified to profit (loss) for the period we</i>		
Change in translation reserve	(32,464)	103,307
Profit (loss) on cash flow hedge derivatives	1,111	
Total other comprehensive income (loss) that will subsequently be reclassified in profit (loss)	(31,353)	103,307
NET COMPREHENSIVE INCOME FOR THE PERIOD	900,379	(170,211)
<i>attributable to:</i>		
Group	863,125	(199,092)
Minority interest	37,254	28,881

Statement of Changes in Consolidated Shareholders' Equity

Amount in Euro	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Legal Reserve	Other Reserves	Profits (Losses) brought forward	Profit (Loss) for the period	Total Net Worth	Minority Interests	Total Group Net Worth
Balance at 01/01/2015	26,979,658	(569,389)	18,081,738	2,907,138	3,561,670	16,712,971	2,014,991	3,037,163	72,725,940	959,836	71,766,104
Reclassification previous year's profit to previous year's profit					147,826	1,355,940	1,533,397	(3,037,163)	-		-
Dividend							(1,452,751)		(1,452,751)		(1,452,751)
Acquiring equity attributable third Prosap Group							(149,999)		(149,999)	(36,442)	(113,557)
Purchase of own shares		(656,253)				(349,879)			(1,006,132)		(1,006,132)
Components of comprehensive income											
Profit (loss for the period)								4,597,608	4,597,608	82,217	4,515,391
Effects of applying IAS 19						131,331			131,331	2,926	128,405
Translation reserve						(648,744)			(648,744)	(213,500)	(435,244)
Total income (loss) for the year									4,080,195	(128,356)	4,208,550
Balance at 31/12/2015	26,979,658	(1,225,642)	18,081,738	2,907,138	3,709,496	17,201,619	1,945,640	4,597,608	74,197,255	795,038	73,402,218
Reclassification previous year's profit to previous year's profit					221,886	3,110,712	215,075	(3,547,673)	-		-
Dividend								(1,049,935)	(1,049,935)		(1,049,935)
Change in consolidation scope							85,342		85,342		85,342
Purchase of own shares		(599,117)				(195,691)			(794,808)		(794,808)
Components of comprehensive income											
Profit (loss for the period)								2,838,069	2,838,069	16,701	2,821,368
Effects of applying IAS 19						(473,676)			(473,676)	(211)	(473,465)
Translation reserve						993,107			993,107	182,833	810,274
Profit (loss) on cash flow hedge derivatives						(12,286)			(12,286)		(12,286)
Profit (loss) on AFS classified financial assets						(44,520)			(44,520)		(44,520)
Total income (loss) for the year									3,300,694	199,323	3,101,371
Balance at 31/12/2016	26,979,658	(1,824,759)	18,081,738	2,907,138	3,931,382	20,579,266	2,246,057	2,838,069	75,738,549	994,361	74,744,189
Reclassification previous year's profit to previous year's profit							2,838,069	(2,838,069)	-		-
Change in consolidation scope							(16,367)		(16,367)	(14,572)	(1,795)
Components of comprehensive income											
Profit (loss for the period)								931,732	931,732	37,253	894,479
Translation reserve						(32,464)			(32,464)		(32,464)
Profit (loss) on cash flow hedge derivatives						1,111			1,111		1,111
Total income (loss) for the year									900,379	37,253	863,126
Balance at 31/03/2017	26,979,658	(1,824,759)	18,081,738	2,907,138	3,931,382	20,547,914	5,067,759	931,732	76,622,563	1,017,042	75,605,520

Consolidated Cash Flow Statement at 31 March 2017

Amount in Euro	31.03.2017 : 31.03.2016	
Operating activities:		
Profit (loss)	931,732	(273,518)
Amortisation, depreciation and provisions	1,239,587	1,000,930
Provision for Severance Pay Fund	1,148,421	990,300
Advances/Payments Severance Pay	(1,226,350)	(1,137,385)
Cash flow arising from operating activities	2,093,390	580,327
Increase/Decrease in net working capital:		
Variation in stock and payments on account	(2,401,998)	(725,392)
Variation in receivables to customers	(6,799,469)	(1,175,869)
Variation in other accounts receivable	33,492	(1,177,751)
Variation in payables to suppliers	(2,736)	593,576
Variation in tax and social security liabilities	(2,688,599)	(4,036,013)
Variation in other accounts payable	4,773,101	5,550,191
Cash flow arising (used) from current assets and liabilities	(7,086,208)	(971,258)
Cash flow arising (used) from current activities	(4,992,818)	(390,931)
Investment activities:		
Variation in tangible assets	19,887	(187,966)
Variation in intangible assets	(655,129)	(339,252)
Variation in financial assets	(83,476)	(7,994)
Purchase of minority interests	(1,394)	
Cash flow arising (used) from investment activities	(720,112)	(535,212)
Financial activities:		
Changes in financial assets not held as fixed assets	(449,114)	(1,797)
Capital increase		(280,623)
Dividend paid	(54,734)	
Variation shareholders' equity	8,409	167,904
Cash flow arising (used) from financial activities	(495,439)	(114,516)
Increase (decrease) in cash	(6,208,368)	(1,040,659)
Banks / funds / securities and other financial assets at the beginning of the year	17,852,802	8,565,365
Banks / cash and other financial liabilities at the beginning of the year	(56,188,359)	(46,631,913)
Banks / funds / securities and other financial assets at end of period	10,146,136	7,222,419
Banks / cash and other financial liabilities at end of period	(54,690,061)	(46,329,626)
Increase (decrease) in liquidity	(6,208,368)	(1,040,659)

EXPLANATORY NOTES TO THE EXPRIVIA GROUP FINANCIAL STATEMENTS

DECLARATION OF COMPLIANCE WITH IFRS

The quarterly report as at 31 March 2017 of the Exprivia Group was prepared in accordance with International Financial Reporting Standards approved by the European Commission (hereafter IAS/IFRS individually or IFRS as a whole).

- The form and content of this quarterly report as at 31 March 2017 conform to the information set out by IAS 34 “Interim Financial Statements”, in compliance with art. 154-ter of Italian Legislative Decree 58/1998 of the Consolidated Finance Act (TUF) as amended.
- The financial statements were drawn up in accordance with IAS 1 while the notes were prepared in a condensed form, applying the right set out by IAS 34, and consequently do not include all the information required for an annual report drawn up in accordance with IFRS.

Scope of Consolidation

The consolidated financial statements as at 31 March 2017 include the equity, economic and financial situations of the Holding Company Exprivia S.p.A. and its subsidiaries and is the same as at 31 December 2016.

The table below shows the companies subject to consolidation; note that the investments shown below are all controlled directly by the Holding Company Exprivia apart from the companies ProSap SA de CV, ProSap Centroamerica SA, ProSap Perù Sac, Sucursal Ecuador de Exprivia SLU, Advances Computer Systems D - GmbH, Exprivia It Solutions (Shanghai) Co Ltd, which are controlled indirectly:

Company	Area
Advanced Computer Systems Srl	Defence & Aerospace
Advanced Computer Systems D - Gmbh	Defence & Aerospace
Consorzio Exprivia S.c.ar.l.	Other
Exprivia Asia Ltd	International Business
Exprivia IT Solutions (Shanghai) Co Ltd	International Business
Exprivia Projects Srl	Utilities
Exprivia do Brasil Serviços de Informatica Ltda	International Business
Exprivia SLU	International Business
Exprivia Process Outsourcing Srl	Utilities
Exprivia Healthcare IT Srl	Healthcare/Public Sector
Exprivia Telco & Media Srl	Telco & Media
ProSap SA de CV (Messico)	International Business
ProSAP Perù SAC	International Business
ProSAP Centroamerica S.A (Guatemala)	International Business
Sucursal Ecuador de Exprivia SLU	International Business
Exprivia Enterprise Consulting Srl	Oil & Gas/Industry/Utilities
Exprivia Digital Financial Solutions Srl	Banking & Finance
Spegea Scarl	Other

The main data on the aforementioned subsidiaries consolidated using the line-by-line method are provided below.

Company	H.O.	Company capital	Results for period	Net worth	Total revenues	Total Assets	% of holding
Advanced Computer Systems Srl	Roma	2,801,307	(105,669)	2,694,959	2,196,804	22,308,099	100.00%
Advanced Computer Systems D- GmbH	Offenbach (Germania)	25,000	43,091	97,280	181,878	168,140	100.00%
Consorzio Exprivia S.c.a.r.l	Milano	20,000	(947)	19,699		22,621	100.00%
Exprivia ASIA Ltd	Hong Kong	58,420	(33,772)	23,410		371,128	100.00%
Exprivia It Solutions (Shanghai) Ltd	Shanghai (Cina)	135,792	(23,145)	(190,297)	249,778	638,534	100.00%
Exprivia Enterprise Consulting Srl	Milano	1,500,000	17,111	197,918	1,674,986	5,943,803	100.00%
Exprivia Healthcare IT Srl	Trento	1,982,190	113,018	10,884,049	5,355,812	26,565,938	100.00%
Exprivia Process Outsourcing Srl	Palermo	100,000	(19,441)	78,031	1,540,943	1,331,463	100.00%
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	1,742,800	90,893	1,956,756	386,951	2,286,394	52.30%
Exprivia Projects Srl	Roma	242,000	112,795	402,596	1,580,880	2,070,790	100.00%
Exprivia Telco & Media Srl	Milano	1,200,000	(135,598)	1,064,401	5,194,025	15,050,772	100.00%
Succursal Ecuador de Exprivia SLU	Quito (Ecuador)	9,354	(1,268)	(2,321)	-	2,539	100.00%
Exprivia SLU	Madrid (Spagna)	197,904	(102,890)	856,543	492,375	8,896,685	100.00%
ProSap Centroamerica SA	Città del Guatemala (Guatemala)	637	(274)	267,098	228,528	1,326,075	100.00%
ProSap Sa de CV	Città del Messico (Messico)	2,498	43,660	(826,451)	785,050	4,916,097	100.00%
ProSap Perù SAC	Lima (Perù)	203,081	(329)	17,674	-	34,984	100.00%
Exprivia Digital Financial Solution Srl	Milano	1,586,919	437,712	10,717,584	5,923,383	22,993,452	100.00%
Spegea Sc a rl	Bari	125,000	(15,256)	209,174	298,295	1,194,671	60.00%

Explanatory Notes on the Balance Sheet

Details are provided below on the items in the Balance Sheet, drawn up in accordance with international accounting standards (IAS/IFRS).

All the figures reported in the tables below are in Euro.

1 - SHAREHOLDERS' EQUITY

1 - SHARE CAPITAL

“**Share capital**”, fully paid up, amounted to Euro 25,154,899 and is the same as at 31 December 2016 and is represented by 51,883,958 ordinary shares at a nominal value of Euro 0.52 each for a total of Euro 26,979,658, net of 3,509,153 own shares held as at 31 March 2017 for a value of Euro 1,824,760.

1 - SHARE PREMIUM RESERVE

As at 31 March 2017 the “**share premium reserve**” amounted to Euro 18,081,738 and is the same as at 31 December 2016.

1 - REVALUATION RESERVE

As at 31 March 2017 the “**revaluation reserve**” amounted to Euro 2,907,138 and is the same as at 31 December 2016.

1 - LEGAL RESERVE

As at 31 March 2017 the “**legal reserve**” amounted to Euro 3,931,382 and is the same as at 31 December 2016.

1 – OTHER RESERVES

The balance of the item “**other reserves**” amounted, at 31 March 2017, to Euro 20,547,914 as at 31.12.16 compared to Euro 20,579,266 at 31 December 2016 and pertains to:

- Euro 17,363,657 for the “**extraordinary reserve**” and is the same as at 31 December 2016;
- Euro 3,846,124 to the “**Puglia Digitale Project Reserve**” created in connection with the investment programme called “Puglia Digitale Project” as resolved by the Exprivia shareholders' meeting on 18 April 2013, which remained unchanged with respect to 31 December 2016;
- Euro -661,867 “**other reserves**” compared to Euro -630.515. Movements in first quarter 2017 refer to:
 - the positive effect on shareholders' equity of the change in fair value of the derivative for Euro 1,111;
 - the negative effect of the change in the currency translation reserve, for Euro 32,464.

1 - PROFIT/(LOSS) FROM PREVIOUS PERIODS

Profit (loss) from previous periods as at 31 March 2017 stood at Euro 5,067,759 compared to Euro 2,246,057 as at 31 December 2016. The change was attributable primarily to the allocation of the Group profit for 2016.

Explanatory notes to the consolidated income statement

Details are provided below on the items in the Income Statement, drawn up in accordance with international accounting standards (IAS/IFRS).

All the figures reported in the tables below are in euro, unless expressly indicated.

2. REVENUE

Revenue from sales and services in the first quarter of 2017 amounted to Euro 35,872,234 compared to Euro 31,654,400 in the same period of 2016.

The table below shows the details of revenues, including changes in inventories of raw materials and finished products (Euro 17,362 in the first quarter of 2017 compared to Euro -45,010 in the first quarter of 2016), broken down by business segment relating to the first quarter of 2017 and compared with the figures for the same period of the previous year (figures in thousands of Euro).

Business Areas	31/03/2017	31/03/2016	Variation	Variation%
Banking & Finance	5,803	5,624	178	3.2%
Energia e Utilities	7,421	4,518	2,903	64.3%
Industry	2,961	3,178	(217)	-6.8%
Oil e Gas	3,631	3,136	495	15.8%
Telco & Media	4,855	5,047	(192)	-3.8%
Healthcare	5,199	5,508	(309)	-5.6%
Aerospace & Defence	4,122	2,406	1,716	71.3%
International Business	1,666	1,972	(306)	-15.5%
Other	232	220	12	5.5%
Total	35,890	31,609	4,281	13.5%

Details of the net revenues relating at 31 March 2017 compared with the figures for the same period of the previous year, broken down by business segment (€/1000).

Exprivia Group (value in k Euro)	31/03/2017	31/03/2016	Variation	Variation%
Projects and Services	30,531	27,389	3,142	11.5%
Maintenance	4,109	3,089	1,020	33.0%
HW/ SW third parties	833	712	120	17.0%
Own licences	183	199	(16)	-8.0%
Other	234	220	14	6.4%
Total	35,890	31,609	4,281	13.5%

Details of revenues relating to 31 March 2017 are shown below, for the same period of the previous year, broken down by private and public sector (in K €).

Exprivia Group (value in k Euro)	31/03/2017	Effect %	31/03/2016	Effect %	Variations %
PRIVATE	30,272	84.3%	24,473	77.4%	23.7%
PUBLIC	5,618	15.7%	7,136	22.6%	-21.3%
Total	35,890		31,609		13.5%

Details of revenues relating to 31 March 2017 are shown below, compared with the figures the same period of the previous year, broken down by geographical area (in K €).

Exprivia Group (value in k Euro)	31/03/2017	Effect %	31/03/2016	Effect %	Variations %
ITALY	31,782	88.6%	29,083	92.0%	9.3%
FOREIGN	4,109	11.4%	2,526	8.0%	62.6%
Total	35,890		31,609		13.5%

3. OTHER INCOME

Other revenue and income

In the first quarter of 2017 **“other revenue and income”** amounted to Euro 135,188 compared to Euro 174,724 in the same period of the previous year. The table below provides details on the items:

Description	31/03/2017	31/03/2016	Variation
Discounts and rebates from suppliers	-	27,779	(27,779)
Rental income	1,586	1,580	6
Travel expenses to be charged to clients	0	22,803	(22,803)
Other revenue	25,194	65,424	(40,229)
Pay in lieu of notice	0	20,345	(20,345)
Income from assignment of vehicles to staff	37,311	36,786	525
Capital gains	71,097	8	71,089
TOTAL	135,188	174,724	(39,536)

It should be noted that the item **“Capital gains”** included the sale of the property owned by ProSap SA de CV (Mexico) for Euro 71,097.

Grants for operating expenses

In the first quarter of 2017, **“grants for operating expenses”** amounted to Euro 135,632 compared to Euro 441,901 in the same period in 2016 and refer to grants and tax breaks pertaining to the period or authorised in the period for funded research and development projects. The reduction is attributable to the conclusion, during the last financial year, of certain funded research projects.

Costs for capitalised internal projects

In the first quarter of 2017, **“costs for capitalised internal projects”** amounted to Euro 620,627 compared with Euro 316,844 in the same period in 2016 and mainly referred to expenses incurred in the quarter to develop products for the Banking, Healthcare and Aerospace segments. The increase is due to the contribution of the subsidiary ACS Srl, consolidated from the second half of 2016.

4. CHANGE IN INVENTORIES OF RAW MATERIALS AND FINISHED PRODUCTS

In the third quarter of 2017, the balance of the item **“change in inventories of raw materials and finished products”** amounted to Euro 17,362 compared to the decrease of Euro 45,010 in the same period of the previous year and referred to changes in finished products in the healthcare segment.

5. RAW MATERIALS, CONSUMABLES AND GOODS

In the first quarter of 2017, the item **“raw materials, consumables and goods”** amounted to Euro 2,644,336 compared to Euro 2,500,453 in the same period of the previous year. The table below provides details on the items.

Description	31/03/2017	31/03/2016	Variation
Purchase of HW-SW products	2,572,161	2,399,575	172,586
Stationery and consumables	21,829	28,769	(6,941)
Fuel and oil	28,610	41,505	(12,895)
Other costs	21,736	29,333	(7,597)
Warranty services on our customers activities	-	1,270	(1,270)
TOTAL	2,644,336	2,500,453	143,883

6. STAFF COSTS

In the first quarter of 2017, the item “**staff costs**” amounted to Euro 24,940,435 compared to Euro 22,258,138 in the same period of 2016. The table below provides details on the item:

Description	31/03/2017	31/03/2016	Variation
Salaries and wages	18,412,386	16,366,516	2,045,870
Social charges	4,872,778	4,311,818	560,960
Severance Pay	1,148,421	990,300	158,121
Other staff costs	506,851	589,504	(82,653)
TOTAL	24,940,435	22,258,138	2,682,297

The number of group employees at 31 March 2017 came to 2,380 (of which 2,368 employees and 12 temporary workers) while the group employed 2,088 staff at 31 March 2016, of which 2070 employees and 18 temporary workers.

7. COSTS FOR SERVICES

In the first quarter of 2017, the consolidated balance of the item “costs for services” amounted to Euro 4,940,998 compared to Euro 4,726,199 in the same period of the previous year. The table below provides details on the items:

Description	31/03/2017	31/03/2016	Variation
Technical and commercial consultancy	2,380,300	2,339,284	41,016
Administrative/company/legal consultancy	377,655	457,627	(79,972)
Consultancy to subsidiary companies		83,830	(83,830)
Data processing service	140,531	112,837	27,694
Auditors' fees	38,888	39,754	(866)
Travel and transfer expenses	596,324	465,168	131,156
Other staff costs	36,847	35,941	906
Utilities	316,983	268,923	48,060
Advertising and agency expenses	124,578	100,324	24,255
Bank charges	106,371	127,584	(21,213)
HW and SW maintenance	70,912	87,681	(16,769)
Insurance	218,107	126,941	91,167
Costs of temporary staff	80,091	41,490	38,600
Other costs	394,223	341,823	52,400
Mail services	59,186	96,991	(37,805)
TOTAL	4,940,998	4,726,199	214,799

8. COSTS FOR LEASED ASSETS

In the first quarter of 2017, the consolidated balance of the item “costs for leased assets” amounted to Euro 1,036,201 compared to Euro 1,061,824 in the same period of the previous year. The table below provides details on the items:

Description	31/03/2017	31/03/2016	Variation
Rental expenses	551,692	433,740	117,952
Car rental/leasing	243,682	257,285	(13,603)
Rental of other assets	189,231	346,550	(157,318)
Royalties	39,086	24,249	14,837
Other costs	12,510	-	12,510
TOTAL	1,036,201	1,061,824	(25,623)

The most significant change is attributable to the item “rental expenses” and refers to the rent paid by the company Exprivia Process Outsourcing Srl (which joined the scope of consolidation from November 2016).

The change in the item “**rental of other assets**” is primarily attributable to lower costs incurred by the Parent Company Exprivia for the conclusion of contracts in respect of customers in the Energy & Utilities sector.

9. SUNDRY OPERATING EXPENSES

In the first quarter of 2017, the item “**sundry operating expenses**” amounted to Euro 107,034 compared to Euro 172,254 in the same period of the previous financial year. The table below provides details on the items:

Description	31/03/2017	31/03/2016	Variation
Annual subscriptions	29,236	23,700	5,535
Books and magazines	1,036	1,808	(772)
Taxes	58,615	48,295	10,320
Stamp duty	28,807	17,450	11,357
Penalties and fines	(57,142)	523	(57,665)
Contingency liabilities	-	2,318	(2,318)
Sundry expenses	23,384	77,804	(54,420)
Capital losses on disposals	16,027	356	15,671
TOTAL	107,034	172,254	(65,220)

The change in the item “**penalties and fines**” is mainly attributable to the company ACS following the recovery of sanctions on scrapped tax demands.

The change in the item “**sundry expenses**” is mainly attributable to the company ProSap SA de CV (Mexico) which incurred lower non-deductible costs compared to the first quarter of 2016.

10. PROVISIONS

In the first quarter of 2017, the consolidated balance of the item “**provisions**” amounted to Euro 79,205 compared with Euro 98,833 in the same period of 2016.

The table below shows movements in the first quarter of 2017 compared with those in the first quarter of 2016.

Description	31/03/2017	31/03/2016	Variation
Provision for legal disputes with employees	79,505	98,833	(19,328)
Other provisions	(300)		(300)
TOTAL	79,205	98,833	(19,628)

11. AMORTISATION, DEPRECIATION AND WRITE-DOWNS

In the first quarter of 2017, the consolidated balance of the item “**amortisation, depreciations and write-downs**” amounted to Euro 1,160,382 compared with Euro 1,061,492 in the same period of 2016.

Amortisation and Depreciation

In the first quarter of 2016, “**amortisation and depreciation**” amounted to Euro 1,057,298 compared to Euro 1,000,930 and refers, in the amount of Euro 704,502, to the amortisation of intangible assets and, in the amount of Euro 352,796, to the depreciation of tangible assets.

Doubtful Receivables Included in Current Assets

In the first quarter of 2017, the balance of “**write-downs**” amounted to Euro 103,084 compared to Euro 60,562 in the first quarter of 2016 and refers to the write-down of receivables considered unlikely to be collected.

12. FINANCIAL INCOME (EXPENSE) AND OTHER INVESTMENTS

In the first quarter of 2017, the balance of the item “**financial income (expense) and other investments**” showed expenses of Euro 320,958 compared with expenses of Euro 625,435 in the first quarter of 2016. The table below provides details on the items.

Description	31/03/2017	31/03/2016	Variation
Proceeds from shareholdings from parents	23,299	6,918	16,381
Other income other than the above	50,849	38,519	12,330
Interest and other financial charges	(513,040)	(631,626)	118,586
From parent charges	(94,170)		(94,170)
Profit and loss on currency exchange	212,104	(39,246)	251,350
TOTAL	(320,958)	(625,435)	304,477

Income from parent companies

In the first quarter of 2017, the balance of the item “**income from parent companies**” amounted to Euro 23,299 compared with Euro 6,918 in the first quarter of 2016 and referred to interest charged to the parent company Abaco Innovazione S.p.A. for an outstanding loan with Exprivia SpA.

Other financial income

In the first quarter of 2017, the item “**other financial income**” amounted to Euro 50,849 compared to Euro 38,519 in the same period of 2016. The table below provides details on the item.

Description	31/03/2017	31/03/2016	Variation
Bank interest receivable	1,259	6,505	(5,246)
Revenues from financial derivatives	46,865	21,977	24,888
Other interest income	15	9,907	(9,893)
Rounding up of assets	1	130	(129)
TOTAL	50,849	38,519	12,329

Interest and other financial charges

In the first quarter of 2017, the balance of the item **“interest and other financial charges”** amounted to Euro 513,040 compared to Euro 631,626 in the same period of the previous year. The table below provides details on the items.

Description	31/03/2017	31/03/2016	Variation
Bank interest payable	104,643	225,896	(121,253)
Interest on loans and mortgages	269,759	273,289	(3,530)
Sundry interest	128,651	120,902	7,749
Charges on financial products and sundry items	9,706	11,085	(1,379)
Rounding up/down	(128)	-	(128)
TOTAL	513,040	631,626	(118,586)

Charges from parent companies

In the first quarter of 2017, the balance of the item **“charges from parent companies”** amounted to Euro 94,170 and refers to the portion applicable to the period of charges recognised to the parent company Abaco Innovazione SpA for guarantees issued by the latter.

Gains and Losses on Currency Exchange

In the first quarter of 2017, **“profit on currency exchange”** amounted to Euro 212,104 compared to currency exchange losses of Euro 39,246 in the first quarter of 2016 and mainly refers to fluctuations in the exchange rate as a result of commercial transactions carried out in currencies other than the national currency of foreign Exprivia Group companies.

13. TAXES

In the first quarter of 2017, **“taxes”** amounted to Euro 619,761 compared to Euro 311,749 in the first quarter of 2016; the table below provides details on the changes compared to the previous period:

Description	31/03/2017	31/03/2016	Variation
IRES	368,978	190,646	178,332
IRAP	182,727	126,595	56,132
Foreign tax	54,976	-	54,976
Taxes from prior years	8,890	8,890	-
Deferred tax	-	(7,170)	7,170
Deferred tax assets	4,190	(7,212)	11,402
TOTAL	619,761	311,749	308,012

The Holding Company Exprivia SpA acts as the consolidating company and determines a single taxable result for the companies under National Tax Consolidation in accordance with art. 117 of T.U.I.R.

Each company under Tax Consolidation contributes taxable income or tax loss to Exprivia SpA as a payable/receivable for the consolidating company, depending on their IRES.

14. PROFIT (LOSS) FOR THE YEAR

The Income Statement for the first quarter of 2017 closed with a consolidated profit (after taxes) of Euro 931,732 compared to a loss of Euro 273,518 in the first quarter of 2016.

15. EARNINGS (LOSS) PER SHARE

Information on figures used to calculate earnings per share and diluted earnings is provided below in accordance with IAS 33.

Earnings (loss) per share is calculated by dividing net profit for the period as reported in the consolidated financial statements drawn up in accordance with IAS/IFRS, attributable to ordinary shareholders of the Holding Company, excluding the treasury shares, by the average number of ordinary shares in circulation during the period.

For the purpose of calculating basic earnings per share, the economic result for the period minus the amount attributable to minority interests was used in the numerator. In addition, there are no privileged dividends, conversion of privileged shares and other similar effects which could adjust the economic result attributable to holders of ordinary capital instruments.

At 31 March 2017 the basic and diluted earnings per share amounted to Euro 0.0192.

Profits (Euro)	31/03/2017
Profits for determining basic earnings per share (Net profit due to shareholders of parent company)	931,732
Profit for determining the earnings per basic share	931,732
Number of shares	31/03/2017
Number of ordinary shares at 1 January 2017	51,883,958
Purchase of own shares at 31 March 2017	(3,509,153)
Average weighted number ordinary shares for calculation of basic profit	48,413,796
Earnings per share (Euro)	31/03/2017
Profit (loss) per basic share	0.0192
Diluted earnings (loss) per share	0.0192

16. INFORMATION ON THE CASH FLOW STATEMENT

The **consolidated net financial position** as at 31 March 2017 was Euro -42 million, a decrease of Euro 6.2 million compared to 31 December 2016 when it was Euro -35.8 million.

The Group net financial indebtedness increased due to absorption of cash derived from operating activities, in the amount of Euro 5 million, and from cash flow for investment activities, in the amount of Euro 1.2 million.

STATEMENT PURSUANT TO ART. 154-BIS(2) OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 ON THE PROVISIONS CONCERNING BROKERAGE AND SUBSEQUENT AMENDMENTS

The undersigned, Valerio Stea, financial reporting officer responsible for preparing the corporate accounts, in accordance with Art. 154-bis(2) of Italian Legislative Decree no. 58 of 24 February 1998, introduced by Italian Law no. 262 of 28 December 2005, hereby states that the information and data on the economic, capital and financial standing contained in this Interim Report on Operations as at 31 March 2017 referring to the Consolidated Financial Statements correspond to the accounting documents, books and records.

Molfetta, 12 May 2017.

**Financial Reporting Officer Responsible for Preparing
Corporate Accounting Documents**

Valerio Stea