Be

SHAPING THE FUTURE
OF FINANCIAL SERVICES

Annual Financial Report 2018

Annual Financial Report 2018

Headquarter:
Viale dell'Esperanto,71 00144 Rome.
Capitale Sociale: 27.109.164,85 interamente versato. Registro delle imprese di Roma Codice Fiscale e Partita I.V.A. n. 01483450209

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OF FINANCIAL SERVICES

2018 Management Report

1. Corporate Bodies

Board of Directors

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

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

Board of Statutory Auditors

- Giuseppe Leoni	*Chairman*
- Rosita Natta	*Standing Auditor*
- Stefano De Angelis	*Standing Auditor*
- Roberta Pirola	*Alternate Auditor*
- Biones Ferrari	*Alternate Auditor*

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 23 April 2015 for 3 years, with term of office expiring on approval of the financial statements at 31 December 2017. Upon natural expiry, the Board of Statutory Auditors was renewed by the Shareholders' Meeting of 26 April 2018 for 3 years, with term of office expiring on approval of the financial statements at 31 December 2020.

Control and Risk Committee

- Paola Tagliavini	*Independent Chairperson*
- Claudio Roberto Calabi	*Independent Member*
- Gianluca Antonio Ferrari	*Independent Member*

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

Remuneration and Appointments Committee

- Cristina Spagna	*Independent Chairperson*
- Claudio Berretti	*Member*
- Davide Dattoli	*Independent Member*

The appointment of the Remuneration and Appointments Committee was renewed by Board of Directors' resolution on 27 April 2017 for 3 years, expiring on approval of the financial statements at 31 December 2019.

Independent Auditors

Deloitte & Touche S.p.A.

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

2. Summary income statement and statement of financial position

Key profitability indicators

(amounts in EUR millions)	**FY 2018**	**FY 2017**
Value of production	150.2	129.7
EBITDA	23.6	17.2
EBIT	11.3	9.0
Profit (loss) before tax	10.1	7.7
Net profit (loss)	5.5	4.5

Key equity and financial indicators

(amounts in EUR millions)	**31.12.2018**	**31.12.2017**
Group Shareholders' Equity	53.1	52.8
Net Invested Capital	53.9	59.1
Net Operating Working Capital (NOWC)	15.9	13.6
Net Financial Position	0.9	(5.5)

Value of production by operating segment

(amounts in EUR millions)	**FY 2018**	**FY 2017**
Business Consulting	106.6	98.3
ICT Solutions	43.1	31.3
Other	0.5	0.1
TOTAL	150.2	129.7

Value of production by customer type

(amounts in EUR millions)	**FY 2018**	**FY 2017**
Banks	113.4	105.0
Insurance	22.4	13.2
Industry	11.4	9.3
Public Administration	2.9	2.1
Other	0.1	0.1
TOTAL	150.2	129.7

Value of production by geographic area

(amounts in EUR millions)	**FY 2018**	**FY 2017**
Italy	91.1	75.6
DACH Region (Germany, Austria, Switzerland)	42.1	37.5
UK and Spain	13.4	13.5
Cee Region (Poland, Ukraine, Romania)	3.6	3.1
TOTAL	150.2	129.7

Group Headcount

	31.12.2018	**31.12.2017**
Executives	135	106
Middle managers	140	117
White-collar staff	867	875
Blue collar	0	2
Apprentices	25	14
TOTAL	1,167	1,114

3. Group Structure and Shareholders

The **Be Group** (Be for short) is one of the leading Italian players in the IT Consulting sector. The Group provides Business Consulting, Information Technology and Professional Services. A combination of specialist skills, advanced proprietary technologies and a wealth of experience enable the Group to work with leading financial and insurance institutions and Italian industries to improve their competitive capacity and their potential to create value. With around 1,200 employees and branches in Italy, Germany, United Kingdom, Austria, Poland, the Ukraine, Spain and Romania, in 2018 the Group recorded a total value of production of Euro 150.2 million.

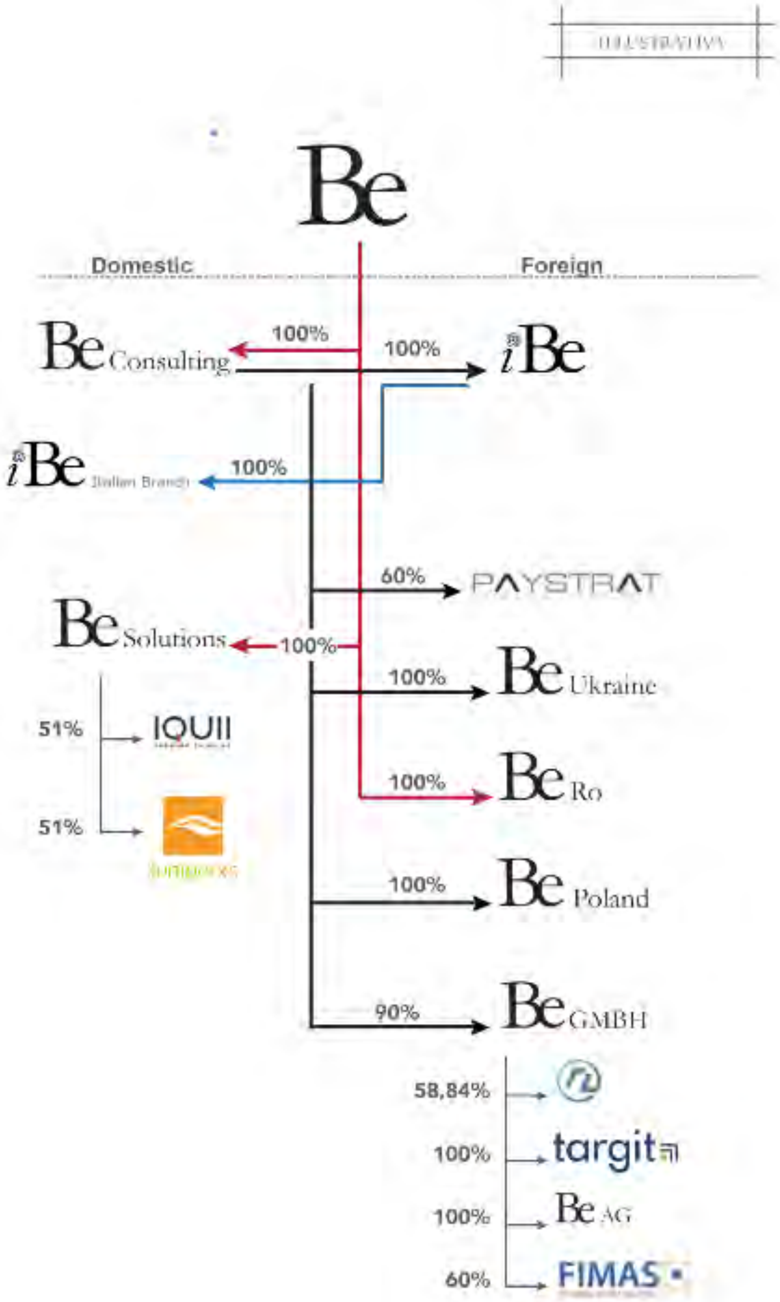
Be Think, Solve, Execute S.p.A. (**Be S.p.A.** for short), listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and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

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

Shareholders

	Nationality	No. of Shares	% Ordinary capital
Tamburi Investment Partners S.p.A.	Italian	31,582,225	23.41
iFuture Power in Action S.r.l.	Italian	13,519,265	10.02
Axxion S.A.	Luxembourg	13,476,237	9.99
Stefano Achermann	Italian	7,771,132	5.76
LOYS Investment S.A.	Luxembourg	6,893,251	5.11
Be Think Solve Execute S.p.A	Italian	2,697,975	2.00
Float		58,957,187	43.71
Total		**134,897,272**	**100.00**

The following chart shows the **Be Group** structure at 31 December 2018[1].



[1] *The table above does not include Paystrat Solutions SL (Pyngo), 65.26% of which is held by Payments and Business Advisors S.L (Paystrat) and Confinity GmbH, 100% of which is held by Fimas Gmbh, as well as Be Sport, Media & Entertainment Ltd, which is currently in voluntary receivership.*

4. Business Model and Operating segments

"Be" is a group specialising in the IT Consulting segment of the Financial Services sector. The organisation is divided by design into the different specialisations of business consulting, the provisions of solutions and platforms and the professional services of the ICT Solutions segment.

I. BUSINESS CONSULTING

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

Size	685 employees at 31 December 2018.
Core business	Banking, Insurance.
Segment revenue at 31 December 2018	Euro 106.6 million.
Operating units	Rome, Milan, London, Kiev, Warsaw, Munich, Vienna, Zurich, Frankfurt, Madrid.

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

- **Be Consulting S.p.A.** Established in 2008, the company operates in the sector of management consulting for financial institutions. Its aim is to provide support to the Systemically Important Financial Institutions (SIFIs) in creating value, with a particular focus on changes that affect business, the IT platforms and corporate processes. Be S.p.A. holds 100% of the company's share capital.
- **iBe TSE Limited.** Based in London, this company operates on the UK and European market, focusing on financial services consulting, with a customer base with high profiles on the UK and international markets. It specialises in the banking and financial sectors, particularly providing support in the field of innovation and payment services. Be Consulting S.p.A. holds 100% of the company's share capital.
- **Be Ukraine LLC.** Established in Kiev in December 2012, it performs consulting and development activities for core banking systems and in the areas of accounting, bank reporting and compliance. Be Consulting S.p.A. holds 100% of the company's share capital.
- **Be Poland Think, Solve and Execute, sp zo.o.** Established in Warsaw in January 2013, it provides consulting and system integration services in Retail banking, Capital Markets, CRM (Salesforce) and Digital (Backbase). Be Consulting S.p.A. holds 100% of the company's share capital.
- **Be Think, Solve Execute GmbH.** Company based in Munich, it specialises in ICT consulting services, primarily on the German, Austrian and Swiss markets, operating through its two wholly owned subsidiaries, Targit GmbH Wien based in Vienna and Be TSE Switzerland AG based in Zurich. Be Consulting S.p.A. controls the Group with a 90.00% interest.

- **R&L AG.** A company whose registered office is close to Munich, 58.84% of which is owned by Be Think, Solve Execute GmbH, specialised in consulting and IT solutions in the Payments sector and specifically as regards SWIFT.
- **FIMAS GmbH.** A company based in Frankfurt, 60% of which is held by Be Think, Solve Execute GmbH, specialised in consulting services and IT for asset managers, Stock Markets, CSD, clearing houses and custodian banks. In the second half of 2018, the company incorporated Q-Fin, which was previously a wholly-owned subsidiary, based in Magdeburg and operating in the Frankfurt area. It offers specialised services to banks for the personalisation, parameterisation and integration of "Front-Arena", a front-office trading and risk management solution. Following the merger, Fimas GmbH holds a 100% interest in Confinity GmbH (previously 50% held by Fimas GmbH and 50% by Qfin GmbH).
- **Confinity GmbH.** Originally established as a joint venture by FIMAS and Q-Fin (now Fimas GmbH), operating in the specific sector of the supply - to the customers of FIMAS - of temporary personnel (ANÜ – Arbeitnehmerüberlassung) for which it possesses the appropriate licence.
- **Payments and Business Advisors S.L.** (**Paystrat** for short). A company based in Madrid, 60% of which is held by Be Consulting S.p.A., specialised in advisory services for operators in the payments industry, in areas such as digital wallets, loyalty and market intelligence. The company has a 65.26% interest in Paystrat Solutions S.L.

II. ICT SOLUTIONS

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

Size	435 employees at 31 December 2018.
Core Businesses	Banking, Insurance, Energy and Public Administration.
Segment revenue at 31 December 2018	Euro 43.1 million.
Operating units	Rome, Milan, Turin, Trento, Bucharest.

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

- **Be Solutions S.p.A.** The company aims to offer specialist ICT consulting services and system integration solutions and services for proprietary products/platforms or those of third-party market leaders. In previous years, it concentrated on the new technological architectures that have characterised the current digitalisation process of the major Banks and Insurance companies in Italy, where it gained distinctive experience in building multi-channel front-end systems, back-end systems for control and corporate governance (especially in the insurance sector thanks to a proprietary system which is one of the market leaders) and Data & Analytics platforms. Its customers are Banks and Insurance companies, as well as the utilities sector and SMEs, but to a much lesser extent. Cooperation agreements and partnerships are currently in place with a number of the major players in the ICT industry and with several selected fintech and insurtech companies. Be Think, Solve, Execute holds 100% of the company's share capital
- **Be Think Solve Execute RO S.r.l.** established in July 2014 and based in Bucharest, develops the Group's "near shoring" operations in the system integration segment for highly complex

projects, such as multichannel solutions. Be Think, Solve, Execute S.p.A. holds 100% of the company's share capital.

- **Iquii S.r.l.** Established in 2011, it specialises in the development of web and mobile applications, in the design of wearables and in the management of the Internet of Things; in addition, it has significant expertise in managing social media, integrated marketing and digital PR. Be Solutions owns 51% of the company.
- **Juniper Extensible Solutions S.r.l.** Established in May 2000 and based in the province of Trento, it is an Italian digital company active in the development of web-based and multimedia software solutions in the Sports, Music and Events sectors. Be Solutions owns 51% of the company.

5. Significant events involving the Group in 2018

Important resolutions of the Shareholders' Meeting

On 26 April 2018, the Shareholders' Meeting of Be met in an ordinary session, on second call, and resolved on the following: the consolidated income statement and statement of financial position results at 31 December 2017, the income statement and statement of financial position results of the Parent Company Be S.p.A. at 31 December 2017, allocation of the profit for 2017, report on remuneration pursuant to article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998, appointment of the Board of Statutory Auditors and determination of the remuneration for the relative members, appointment of a new Director and purchase and allocation of own shares.

With regard to the purchase and disposal of own shares, the first phase of the own shares purchase plan whose launch was disclosed to the market on 24 May 2018 was completed on 2 July 2018.

On 19 October 2018, the launch of the second phase of the own shares purchase plan was disclosed to the market, which was completed on 31 December 2018; overall, during the period between 25 May 2018 and 31 December 2018, the Company purchased 2,697,975 of its ordinary shares for a total of Euro 2,365,955.

Events important to business development

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

The agreement also envisaged the sale of the perpetual user licence of the "Life" platform already in use by the company and owned by Be. It also includes any technological developments and support and assistance services for the next seven years. The contract has a total value of Euro 11.9 million for the entire period, of which Euro 5.8 million relative to 2018 for granting of the user licence and evolutionary maintenance and the provision of professionals for its technological evolution and the relative support and assistance services.

The parties have also formalised the conditions for further adoption of the solution in other Group companies, wherever they are located. Be retains ownership rights on the platform.

In April, the Be group was selected as key partner to support one of the leading banking groups in Europe in management of the SWIFT architecture transformation programme. For two years, the activity will be assigned in successive lots which - if activated until completion of the entire programme - will have a total value of Euro 7.7 million.

This will enable Be to strengthen its strategic presence in the financial sector. The complexity of the current architecture, the high level of technical specialisation required for execution, the international presence of the institute and the capacity to transfer skills are distinctive factors of the programme.

In May, the Be Group acquired the entire capital of Q-fin GmbH through subsidiary Fimas GmbH, strengthening its presence in Germany in the Capital Market area. Q-fin, established in 2003 in Magdeburg, offers specialised services to banks for the personalisation, parameterisation and integration of “Front-Arena”, a front-office trading and risk management solution. In this area, Q-fin provides support to implementation and migration projects, interfacing with other platforms (e.g., SAP), as well as operations management services. The Company owns a suite of Fund Administration, Portfolio Management and Risk Management products aimed predominantly at German government funds. The main clients are major federal and investment banks in Germany. In the second half of 2018, Q-fin GmbH was incorporated by Fimas GmbH.

During the month of June, Be Group signed a three-year partnership agreement with Finastra, aimed at developing professional services and solutions for investment banking at the international level, with a focus on the markets of Italy, Germany, Austria, Switzerland, Great Britain and Poland. The agreement focuses on strategic projects in the Capital Markets, Treasury and Corporate Banking areas, combining Be’s skills in business transformation consulting with the supply of Finastra products and solutions. With over 9,000 customers around the world, Finastra is market leader in finance software, providing financial institutions with mission critical solutions of every size, at the customer premises, housed in their own infrastructure or in the cloud.

Moreover, Be was also selected to lead implementation of the programme for adaptation to the PSD2 - Payments Service Directive 2 - regulations for all of the retail banks of a major European banking group. The Be Team will support the institute's work groups in setting up and coordinating the adaptation programme over a period of 24 months and for a total value of Euro 2 million.

Also in June, Be finalised the purchase of 51% of Juniper Extensible Solutions S.r.l., Italian digital company active in the development of web-based and multimedia software solutions in the Sports, Music and Events sectors. The deal will allow the Be Group to achieve synergies in the Sport&Entertainment segment - in which the group is already present with its company Iquii S.r.l - and to integrate into Juniper’s customer base the entire value proposition of professional services in the Digital Strategy, Mobile & Web Development and Customer Experience & Design areas. The purchase price for the majority stake was set as Euro 457,693. The Parties agreed on a “Put & Call” structure to purchase the residual capital in successive tranches within the next 7 years.

In November, the liquidation (strike-off) of LOC Consulting Ltd, wholly owned by iBe Think Solve Execute Ltd, was completed.

Also in November, Be Solutions S.p.A. sold its business divisions, comprised by property, plant and equipment and intangible assets, personnel and relative assets and liabilities and other legal transactions (active contracts), relating to archiving services, Business Process Outsourcing (BPO) and Document Management Outsourcing (DMO) located at offices in Pontinia, Milan and Spoleto to “CNI S.p.A.”.

6. Analysis of economic, financial and equity data

Following the entry into force of Regulation (EC) no. 1606/2002 issued by the European Parliament and the European Council in July 2002 and of Italian Legislative Decree 38/2005, the consolidated and separate financial statements of Be to which we refer, have been prepared in accordance with international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union. According to the faculties envisaged by Italian Legislative Decree 32 of 2 February 2007, the Management Report of the 2018 Annual Financial Statements must include, as in the previous year, information on both the consolidated financial statements and the financial statements of the Parent Company Be S.p.A.

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

6.1 Group operating performance

The Value of Production amounted to Euro 150.2 million, compared to Euro 129.7 million in 2017 (+15.8%). Operating revenue alone amounted to Euro 145.3 million, compared to Euro 127.7 million in 2017 (+13.7%).

Other revenue and income, which amounted to Euro 4.9 million, included the capital gain of Euro 2.6 million made on the sale of the BPO/DMO business divisions to the subsidiary Be Solution S.p.A.

Operating costs net of internal capitalisations amounted to Euro 126.7 million, compared to Euro 112.6 million in 2017 (+12.5%), and specifically:

- service costs were around Euro 57.2 million (+12.2%);
- personnel costs totalled Euro 71.2 million (+12.4%);
- the capitalisation of costs, mainly related to personnel working on projects to develop in-house software platforms, amounted to Euro 3.7 million (+8.2%).

The Gross Operating Margin (EBITDA) was Euro 23.6 million, up 37.3% compared to 2017 (Euro 17.2 million). The EBITDA margin was 15.7% against 13.2% in 2017.

Amortisation and depreciation totalled Euro 5.3 million, against Euro 6.2 million last year. Provisions and write-downs amounted to Euro 7.0 million, against Euro 1.9 million last year.

Operating profit (loss) (EBIT) was Euro 11.3 million, up 24.6% compared to 2017 (Euro 9.0 million). The EBIT Margin stood at 7.5%, against 7.0% in 2017.

Profit (loss) before tax from continuing operations was Euro 10.1 million, up 30.1% compared to 2017 (Euro 7.7 million).

Taxes for FY 2018 amounted to Euro 3.7 million, compared to Euro 2.6 million last year.

Group net profit was Euro 5.5 million, against a profit of Euro 4.5 million in 2017, up by 22.4%.

At 31 December 2018, discontinued operations had no impact on the income statement, therefore the costs and revenue recognised in the consolidated income statement refer solely to “continuing operations”.

The Consolidated Income Statement is shown below, restated at 31 December 2018, and is compared to the amounts of the previous year.

Restated Consolidated Income Statement

Amounts in EUR thousands	**FY 2018**	**FY 2017**	**Δ**	**Δ (%)**
Operating revenue	145,282	127,721	17,561	13.7%
Other revenue and income	4,941	2,026	2,915	n.a.
Value of production	**150,223**	**129,747**	**20,476**	**15.8%**
Cost of raw materials and consumables	(220)	(253)	33	(13.0%)
Cost of services and use of third-party assets	(57,154)	(50,950)	(6,204)	12.2%
Personnel costs	(71,142)	(63,309)	(7,833)	12.4%
Other costs	(1,852)	(1,500)	(352)	23.5%
Internal capitalisations	3,709	3,427	282	8.2%
Gross Operating Margin (EBITDA)	**23,564**	**17,162**	**6,402**	**37.3%**
Amortisation and depreciation	(5,333)	(6,229)	896	(14.4%)
Write-downs and provisions	(6,958)	(1,888)	(5,070)	n.a.
Operating Profit (Loss) (EBIT)	**11,273**	**9,045**	**2,228**	**24.6%**
Net financial income and expense	(1,199)	(1,297)	98	(7.6%)
Effect of measurement at equity	0	(3)	3	(100.0%)
Profit (loss) before tax from continuing operations	**10,074**	**7,745**	**2,329**	**30.1%**
Taxes	(3,671)	(2,570)	(1,101)	42.8%
Net profit (loss) from continuing operations	**6,403**	**5,175**	**1,228**	**23.7%**
Net profit (loss) from discontinued operations	0	0	0	n.a.
Consolidated net profit (loss)	**6,403**	**5,175**	**1,228**	**23.7%**
Net profit (loss) attributable to minority interests	922	697	225	32.3%
Group net profit (loss)	**5,481**	**4,478**	**1,003**	**22.4%**

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

Value of production by operating segment

Amounts in EUR millions	**FY 2018**	**%**	**FY 2017**	**%**	**Δ (%)**
Business Consulting	106.6	71.0%	98.3	75.8%	8.4%
ICT Solutions	43.1	28.7%	31.3	24.1%	37.7%
Other	0.5	0.3%	0.1	0.1%	0.0%
TOTAL	**150.2**	**100.0%**	**129.7**	**100.0%**	**15.8%**

The breakdown of the Value of production by professional service area shows a prevalence of the Business Consulting segment corresponding to 71% of total value of production, with respect to the ICT Solutions segment, which was instead 28.7%. In 2018, the Business Consulting segment recorded an increase in the value of production of 8.4%, rising from Euro 98.3 million to Euro 106.6 million, while the ICT Solutions segment recorded an increase of 37.7%, rising from Euro 31.3 million to Euro 43.1 million.

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

Value of production by customer type

Amounts in EUR millions	**FY 2018**	**%**	**FY 2017**	**%**	**Δ (%)**
Banks	113.4	75.5%	105.0	81.0%	8.0%
Insurance	22.4	14.9%	13.2	10.2%	69.7%
Industry	11.4	7.6%	9.3	7.2%	22.6%
Public Administration	2.9	1.9%	2.1	1.6%	38.1%
Other	0.1	0.1%	0.1	0.1%	0.0%
TOTAL	**150.2**	**100.0%**	**129.7**	**100.0%**	**15.8%**

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

Value of production by geographic area

Amounts in EUR millions	**FY 2018**	**%**	**FY 2017**	**%**	**Δ (%)**
Italy	91.1	60.7%	75.6	58.3%	20.5%
DACH Region (Germany, Austria, Switzerland)	42.1	28.0%	37.5	28.9%	12.2%
UK and Spain	13.4	8.9%	13.5	10.4%	(0.4%)
Cee Region (Poland, Ukraine, Romania)	3.6	2.4%	3.1	2.4%	14.3%
TOTAL	**150.2**	**100.0%**	**129.7**	**100.0%**	**15.8%**

Lastly note that in 2018, 60.7% of production was generated by the domestic market, while the remaining 39.3% by the foreign market. The DACH Region (DE, AUT and SUI) continues to account for a significant share, contributing a total of Euro 42.1 million to revenue generation, while Cee Region markets recorded revenues of Euro 3.6 million, up 14.3% against last year, while the UK and Spanish market was practically in line with last year, generating total revenues of Euro 13.4 million.

6.2 Breakdown of Group equity and financial positions

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

Restated Statement of Financial Position

Amounts in EUR thousands	**31.12.2018**	**31.12.2017**	**Δ**	**Δ (%)**
Non-current assets	87,128	85,995	1,133	1.3%
Current assets	31,488	28,600	2,888	10.1%
Non-current liabilities	(25,474)	(22,097)	(3,377)	15.3%
Current liabilities	(39,290)	(33,418)	(5,872)	17.6%
Net Invested Capital	**53,852**	**59,080**	**(5,228)**	**(8.8%)**
Shareholders' Equity	54,776	53,563	1,213	2.3%
Net Financial Indebtedness	(924)	5,517	(6,441)	n.a.

Non-current assets are mostly represented by goodwill (Euro 61.6 million), recognised at the time of business combinations, intangible assets (Euro 16.4 million) mostly relating to software, property, plant and equipment (Euro 2.2 million), deferred tax assets (Euro 4.1 million) and receivables and other non-current assets (Euro 2.5 million).

Current assets recorded a rise of Euro 2.9 million compared to 31 December 2017, due mainly to the increase in trade receivables for Euro 2.5 million and other assets and receivables for Euro 0.3 million.

Non-current liabilities mostly refer to payables for post-employment benefits (TFR) of Euro 6.6 million, deferred tax liabilities of Euro 6.7 million and provisions for risks and charges of Euro 5.3 million, plus other liabilities of Euro 6.9 million, predominantly referring to the remaining share of the discounted price for the future acquisition of minority interests though put&call agreements.

Current liabilities - mostly comprised of trade payables of Euro 11.8 million, current provisions for risks and charges of Euro 2.3 million and other liabilities and tax payables totalling Euro 25.2 million - recorded an overall rise of Euro 5.9 million.

Consolidated shareholders' equity was Euro 54.8 million, compared to Euro 53.6 million at 31 December 2017.

The breakdown of Net working capital is shown below; for details and related comments on individual items, reference should be made to the description in the Notes to the Consolidated Financial Statements.

Amounts in EUR thousands	**31.12.2018**	**31.12.2017**	**Δ**	**Δ (%)**
Inventories	7	15	(8)	(53.3%)
Trade receivables	27,789	25,240	2,549	10.1%
Trade payables	(11,839)	(11,667)	(172)	1.5%
Net Operating Working Capital (NOWC)	**15,957**	**13,588**	**2,369**	**17.4%**
Other short-term receivables	3,692	3,345	347	10.4%
Other short-term liabilities	(27,451)	(21,751)	(5,700)	26.2%
Net Working Capital (NWC)	**(7,802)**	**(4,818)**	**(2,984)**	**61.9%**

Net financial position at 31 December 2018 was Euro +0.9 million, considerably better than the Euro -5.5 million at 31 December 2017.

Consolidated net financial position

Amounts in EUR thousands		31.12.2018	31.12.2017	Δ	Δ (%)
	Cash and cash equivalents at bank	36,010	22,767	13,243	58.2%
A	**Cash and cash equivalents**	**36,010**	**22,767**	**13,243**	**58.2%**
B	**Current financial receivables**	**511**	**591**	**(80)**	**(13.5%)**
	Current bank payables	(9,644)	(3,789)	(5,855)	n.a.
	Current share of medium/long-term indebtedness	(9,980)	(12,968)	2,988	(23.0%)
	Other current financial payables	(490)	(43)	(447)	n.a.
C	**Current financial indebtedness**	**(20,114)**	**(16,800)**	**(3,314)**	**19.7%**
D	**Current Net Financial Position (A+B+C)**	**16,407**	**6,558**	**9,849**	**n.a.**
	Non-current bank payables	(15,418)	(12,021)	(3,397)	28.2%
	Other non-current financial payables	(65)	(54)	(11)	20.4%
E	**Non-current Net Financial Position**	**(15,483)**	**(12,075)**	**(3,408)**	**28.2%**
F	**Net financial position (D+E)**	**924**	**(5,517)**	**6,441**	**n.a.**

With regard to items in the table, in addition to cash and cash equivalents of Euro 36.0 million, we also draw attention to:

- current financial receivables amounting to Euro 0.5 million resulting from receivables due from factoring companies on receivables assigned up to 31 December 2018, the disbursement of which took place by that date and to receivables for accrued interest on factoring paid but not relating to 2018;
- current payables to banks at 31 December 2018 amounting to around Euro 20.1 million, relating to:
  - current bank payables of Euro 9.6 million (Euro 3.8 million at 31 December 2017), mainly represented by:
    a) Euro 3.0 million in short-term credit facilities classed as "advances to suppliers" of Euro 0.6 million and as "accounts payable to suppliers" of Euro 2.4 million;
    b) Euro 6.6 million referring to a short-term loan of Euro 1.6 million to be repaid by March and a second short-term loan of Euro 5 million to be repaid in a single payment by October 2019;
  - around Euro 10.0 million as the current portion of loans received;
  - other current financial payables of 0.5 million, mainly referring to interest accrued and not paid, the short-term portion of lease contracts and financial payables due to customers for credit for ticket sales on behalf of third parties.
- non-current financial payables of Euro 15.5 million referred mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months;
- other non-current financial payables, referring mainly to finance lease contracts.

6.3 Operating performance of the Parent Company Be S.p.A.

The Parent Company's Value of production amounted to Euro 6.8 million, compared to Euro 5.6 million in 2017, recording a rise of Euro 1.2 million.

The Value of production is mainly represented by charges to subsidiaries for management services rendered at central level, royalties on the Be trademark, and recharges of various costs incurred in the name and on behalf of subsidiaries.

The Gross Operating Margin (EBITDA) recorded a loss of around Euro 4.4 million, against a loss of Euro 2.6 million last year.

Operating Profit (Loss) (EBIT) recorded a loss of around Euro 6 million, against a loss of around Euro 3.8 million in the previous year.

Financial management recorded an income of Euro 6.5 million, with respect to Euro 4.1 million the previous year, broken down into:

- dividends of Euro 7.1 million;
- net financial income of Euro 0.2 million;
- write-downs of financial assets of Euro 0.7 million.

With regard to the centralised treasury management at Group level, net interest due to the Parent Company accrued on funds transferred to Group companies amounted to Euro 0.6 million (Euro 0.5 million in 2017). Interest expense due to the Banking system amounted to around Euro 0.4 million (Euro 0.4 million in 2017), of which Euro 0.1 million on drawdowns of short-term credit facilities and Euro 0.3 million refers to financial payables on maturity.

Profit (loss) before tax recorded a profit of Euro 0.6 million, compared to Euro 0.3 million in 2017.

Taxes recorded a positive balance of Euro 1.2 million, compared to Euro 1.0 million last year, accrued against:

- tax benefits of around Euro 3.2 million relating to the Group Tax Consolidation scheme;
- the net negative impact of around Euro 2.0 million, of deferred tax assets/liabilities.

Following the above, the 2018 Parent Company's financial statements closed with a profit of Euro 1.7 million, compared to a profit of Euro 1.3 million last year.

The Income Statement is shown below, restated for FY 2018, and is compared to the amounts of the previous year.

Parent Company Restated Income Statement

Amounts in EUR thousands	**FY 2018**	**FY 2017**	**Δ**	**Δ (%)**
Operating revenue	4,582	4,875	(293)	(6.0%)
Other revenue and income	2,233	716	1,517	n.a.
Value of production	**6,815**	**5,591**	**1,224**	**21.9%**
Cost of raw materials and consumables	(2)	(2)	0	0.0%
Cost of services and use of third-party assets	(7,264)	(4,787)	(2,477)	51.7%
Personnel costs	(3,578)	(3,192)	(386)	12.1%
Other costs	(330)	(161)	(169)	n.a.
Gross Operating Margin before provisions and write-downs (EBITDA)	**(4,359)**	**(2,551)**	**(1,808)**	**70.9%**
Amortisation and depreciation	(5)	(2)	(3)	n.a.
Write-downs and provisions	(1,590)	(1,232)	(358)	29.1%
Operating Profit (Loss) (EBIT)	**(5,954)**	**(3,785)**	**(2,169)**	**57.3%**
Net financial income and expense	7,251	4,078	3,173	77.8%
Write-down of financial assets	(738)	0	(738)	n.a.
Profit (loss) before tax from continuing operations	**558**	**293**	**265**	**90.4%**
Taxes	1,170	1,007	163	16.2%
Net profit (loss) from continuing operations	**1,728**	**1,300**	**428**	**32.9%**
Net profit (loss) from discontinued operations	0	0	0	n.a.
Net profit (loss)	**1,728**	**1,300**	**428**	**32.9%**

6.4 Breakdown of equity and financial positions of the Parent Company Be S.p.A.

Restated Statement of Financial Position of Be S.p.A.

Amounts in EUR thousands	**31.12.2018**	**31.12.2017**	**Δ**	**Δ (%)**
Non-current assets	46,584	48,601	(2,017)	(4.1%)
Current assets	16,706	14,711	1,995	13.6%
Non-current liabilities	(6,514)	(5,384)	(1,130)	21.0%
Current liabilities	(9,303)	(10,266)	963	(9.4%)
Net invested capital	**47,473**	**47,661**	**(188)**	**(0.4%)**
Shareholders' Equity	43,041	46,425	(3,384)	(7.3%)
Net Financial Indebtedness	4,432	1,235	3,197	n.a.

For details and related comments on individual items, reference should be made to the description in the Notes to the Separate Financial Statements of the Parent Company.

Net financial position Be S.p.A.

Amounts in EUR thousands	31.12.2018	31.12.2017	Δ	Δ (%)
Cash and cash equivalents at bank	25,713	14,884	10,829	72.7%
Cash and cash equivalents	**25,713**	**14,884**	**10,829**	**72.7%**
Current financial receivables	**19,436**	**22,916**	**(3,480)**	**(15.2%)**
Current bank payables	(9,311)	(2,912)	(6,399)	n.a.
Current share of medium/long-term indebtedness	(9,980)	(8,089)	(1,891)	23.4%
Other current financial payables	(14,871)	(16,014)	1,142	(7.1%)
Current financial indebtedness	**(34,163)**	**(27,015)**	**(7,148)**	**26.4%**
Current Net Financial Position (A+B+C)	**10,987**	**10,785**	**201**	**1.9%**
Non-current bank payables	(15,418)	(12,021)	(3,397)	28.3%
Non-current Net Financial Position	**(15,418)**	**(12,021)**	**(3,397)**	**28.3%**
Net financial position (D+E)	**(4,432)**	**(1,235)**	**(3,197)**	**n.a.**

The net financial position of Be S.p.A. at 31 December 2018 was around Euro 4.4 million, and breaks down into:

- Euro 25.7 million in cash and cash equivalents at bank;
- Euro 19.4 million in receivables from subsidiaries, relating to centralised treasury activities;
- Euro 9.3 million in current payables to the banking system, of which Euro 2.7 million for drawdowns in the form of "accounts payable to suppliers" and "advances to suppliers" and Euro 6.6 million relating to "short-term loans";
- Euro 10.0 million relating to the portion of existing medium to long-term loans maturing in the following year;
- Euro 14.9 million in payables to subsidiaries, relating to centralised treasury activities;
- Euro 15.4 million referred mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months.

6.5 Reconciliation of the profit (loss) for the period and the shareholders' equity of Be S.p.A. and the corresponding consolidated amounts

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, the Statement of reconciliation of shareholders' equity and the net profit (loss) of the Parent Company and the corresponding consolidated amounts is shown below.

	Shareholders' Equity 31.12.2018	Net profit (loss) 31.12.2018	Shareholders' Equity 31.12.2017	Net profit (loss) 31.12.2017
Shareholders' equity and Net profit (loss) from financial statements of the Parent Company	**43,041**	**1,728**	**46,425**	**1,300**
Surplus of the shareholders' equities on financial statements for the year, including the profits (losses) for the period, compared to the book values of consolidated equity investments	16,508	11,775	10,865	7,875
Other adjustments made at time of consolidation for:				
- write-down of equity investments	2,327		273	
- dividends from subsidiaries	(7,100)	(7,100)	(4,000)	(4,000)
Shareholders' equity and Consolidated net profit (loss)	**54,776**	**6,403**	**53,563**	**5,175**
Capital and minority reserves	1,723	922	799	697
Shareholders' equity and Net Profit (Loss) attributable to owners of the Parent Company	**53,053**	**5,481**	**52,764**	**4,478**

6.6 Related Party Transactions

With regard to related party transactions, including therein intercompany transactions, note that the same cannot be quantified as atypical or unusual, as part of the normal course of operations of Group companies. Said transactions are settled at arm's length, on the basis of the goods and services provided. In the Notes to the Consolidated Financial Statements and to the Separate Financial Statements of the Parent Company, the company provides the information requested by art. 154-ter of the Consolidated Law on Finance, as indicated by Consob regulation no. 17221 of 12 March 2010.

7. Other disclosures and Corporate Governance

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

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

- **Risks associated with "Operating Performance"**

  In order to further improve operating performance, the Company believes it is important to achieve the strategic objectives of the 2017-2019 Business Plan. This Plan, updated for the three-year period 2019-2021 for the purpose of Impairment Testing (hereinafter 2019-2021 Plan), was prepared by the Directors on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. The forecasts represent the best estimate of future events expected to arise and of action that management intends to take. These were estimated on the basis of final figures, orders already received or sales to be made to established customers, as such presenting a lower degree of uncertainty and therefore a higher probability of actually occurring. Vice versa, the assumptions relate to future events and actions, fully or partly independent from management action. Consequently, the Directors acknowledge that the strategic objectives identified in the 2019-2021 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan, their extent and timing.

- **Risks associated with the "Financial Position"**

  The Be Group is exposed to financial risks associated with its operations, particularly interest rate risk, liquidity risk, credit risk and the risk of cash flow fluctuations. In addition, essential upkeep of the bank credit facilities held is important to the Group in order to meet its overall current funding needs and to achieve the objectives of the 2019-2021 Plan.

- **Risks associated with "Goodwill Impairment"**

  The Be Group could have a negative impact on the value of its shareholders' equity if there should be any impairment to goodwill recognised in the financial statements at 31 December 2018 because of the incapacity to generate sufficient cash flows to satisfy those forecast and envisaged in the 2019-2021 Plan.

- **Risks associated with "Litigation Liabilities"**

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

- **Risks associated with "Restructuring" activities**

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

- **Risks associated with "Competition"**

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

- **Risks associated with "Technological Change"**

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

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

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

- **Risks associated with internationalisation**

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

7.2 Investment in development

The Group's development activities have always aimed to consolidate customer relations, develop new forms of business for them and acquire new customers. The main development activities conducted entail developing the Group-owned technological platforms; in particular, during 2018, investments mostly regarded the development and upgrade of the technological platforms "Universo Sirius" - relating to the management of Life and Non-life insurance portfolios, "Archivia" - relating to the management of document processes and the development of the company's internal ICT system - by Be Solutions, the development of the digital applications by Iquii and Juniper and of applications tools by Be Consulting, as well as the development of the IT platforms of Paystrat, Q-Fin GmbH and Be Think, Solve Execute GmbH, specialised in various areas of the banking industry. The Be Group will continue to invest in development, and also plan other project opportunities. These new initiatives will aim to expand the product mix, creating technology platforms for the provision of services to its customers.

7.3 Human Resources

The Group's total headcount at 31 December 2018 was 1,167 employees (1,114 at 31 December 2017), located in 9 European countries.

With respect to 31 December 2017, the scope of consolidation changed following the acquisitions of Q-fin GmbH, through the subsidiary Fimas GmbH, and of Juniper Extensible Solutions S.r.l., through the subsidiary Be Solutions S.p.A..

On the domestic front, a reduction of the scope was recorded following the decision of Be Solutions S.p.A. to grasp the opportunity offered by interest in purchasing the DMO/BPO business divisions of Milan and Spoleto and the Archiving division of Pontinia by CNI S.p.A..

For further details on the social policies of the Be Group, please refer to chapter 7 of the Non-financial report.

7.4 Corporate governance

The system of Corporate Governance adopted by Be Think, Solve, Execute S.p.A. fulfils the recommendations set forth in the Code of Self-Regulation approved by the Committee for the Corporate Governance of Listed Companies, in its most recent version in July 2018, which are considered as adopted by the company unless indicated otherwise.

On 31 July 2014, the Board of Directors decided to resolve upon the revocation of the internal code of self-regulation adopted by the Board of Directors on 21 December 2012, confirming that the Company will now comply with the principles and recommendations of the Code of Self-Regulation.

With regard to the disclosure requested by art. 123-bis of the Consolidated Law on Finance, please refer to the "Annual Report on Corporate Governance and Ownership Structure" drawn up in compliance with the law in force and published jointly with this report.

7.5 Disclosure pursuant to Italian Legislative Decree 196 of 30 June 2003 (Code for the protection of personal data)

Note that the Company has taken steps to adapt its policy and internal organisation following the entry into force on 25 May 2018, of EU Regulation 2016/679, also known as GDPR (General Data Protection Regulation).

8. Events after 31 December 2018 and business outlook

On 25 January 2019, Be announced the launch of the third phase of the own shares purchase plan, which will commence on 28 January 2019 and end on 30 May 2019, in execution of the authorisation resolved by the Shareholders' Meeting of 26 April 2018. The shares will be purchased at a unit price, which will be established on the occasion of each transaction, although it may not be less than Euro 0.20 or more than Euro 1.5 per share. During this third phase, the company may purchase a maximum number of ordinary shares of the Issuer for a total value of Euro 1,500,000.00. Note that this Shareholders' Meeting authorised the purchase of own shares in one or more tranches, also on a rotating basis, in accordance with legal thresholds and in compliance with the legislative provisions that are applicable at the time of each transaction. The Company reserves the right to launch further share purchase plans after the completion of the current transaction.

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

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

In the light of the results recorded by the Group in 2018, the internal growth targets, in terms of operating margin, defined by the 2017-2019 Business Plan, have been amply reached.

It is reasonable to predict higher revenues and profits for 2019 as well.

9. Proposal to approve the financial statements and to allocate the profit (loss) for the year

The Board of Directors submits the Financial Statements of Be S.p.A. at 31 December 2018 to the Shareholders' Meeting for approval, which show a net profit of Euro 1,728,089.26 and proposes that the Shareholders' Meeting resolves:

- to approve the Financial Statements at 31 December 2018 of Be S.p.A.;
- to approve the proposal to allocate the net profit for the year, corresponding to Euro 1,728,089.26 as follows:
    - Euro 86,404.46 to the Legal Reserve;
    - Euro 1,641,684.80 to Profit carried Forward;
    - to distribute a gross dividend of Euro 0.022 per share, from Profit carried Forward and drawing the residual amount from the extraordinary reserve.

Milan, 12 March 2019.

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

SHAPING
THE FUTURE
OF FINANCIAL SERVICES

Consolidated Financial Statements

A. Consolidated Statement of Financial Position

Amounts in EUR thousands	***Notes***	**31.12.2018**	**31.12.2017**
NON-CURRENT ASSETS			
Property, plant and equipment	*1*	2,201	1,918
Goodwill	*2*	61,555	59,722
Intangible assets	*3*	16,446	17,082
Equity investments in associates measured at equity	*4*	0	32
Equity investments in other companies	*5*	329	300
Loans and other non-current assets	*6*	2,507	2,217
Deferred tax assets	*7*	4,090	4,724
Total non-current assets		**87,128**	**85,995**
CURRENT ASSETS			
Inventories	*8*	7	15
Trade receivables	*9*	27,789	25,240
Other assets and receivables	*10*	3,301	2,778
Direct tax receivables	*11*	391	567
Financial receivables and other current financial assets	*12*	511	591
Cash and cash equivalents	*13*	36,010	22,767
Total current assets		**68,009**	**51,958**
Total discontinued operations			
TOTAL ASSETS		**155,137**	**137,953**
SHAREHOLDERS' EQUITY			
Share capital		27,109	27,109
Reserves		20,463	21,177
Net profit (loss) attributable to owners of the Parent Company		5,481	4,478
Group Shareholders' equity		**53,053**	**52,764**
Minority interests:			
Capital and reserves		801	102
Net profit (loss) attributable to minority interests		922	697
Minority interests		**1,723**	**799**
TOTAL SHAREHOLDERS' EQUITY	*14*	**54,776**	**53,563**
NON-CURRENT LIABILITIES			
Financial payables and other non-current financial liabilities	*15*	15,483	12,075
Provision for non-current risks	*20*	5,255	2,244
Post-employment benefits (TFR)	*17*	6,575	6,858
Deferred tax liabilities	*18*	6,714	6,223
Other non-current liabilities	*19*	6,930	6,772
Total non-current liabilities		**40,957**	**34,172**
CURRENT LIABILITIES			
Financial payables and other current financial liabilities	*16*	20,114	16,800
Trade payables	*21*	11,839	11,667
Provision for current risks	*20*	2,271	31
Tax payables	*22*	1,404	618
Other liabilities and payables	*23*	23,776	21,102
Total current liabilities		**59,404**	**50,218**
Total discontinued operations		**0**	**0**
TOTAL LIABILITIES		**100,361**	**84,390**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**155,137**	**137,953**

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific statement of financial position in paragraph 5.3.

B. Consolidated Income Statement

Amounts in EUR thousands	***Notes***	**FY 2018**	**FY 2017**
Operating revenue	*24*	145,282	127,721
Other revenue and income	*25*	4,941	2,026
Total Revenue		**150,223**	**129,747**
Raw materials and consumables	*26*	(220)	(253)
Service costs	*27*	(57,154)	(50,950)
Personnel costs	*28*	(71,142)	(63,309)
Other operating costs	*29*	(1,852)	(1,500)
Cost of internal work capitalised	*30*	3,709	3,427
Amortisation, depreciation and write-downs:			
Depreciation of property, plant and equipment	*31*	(765)	(620)
Amortisation of intangible assets	*31*	(4,568)	(5,609)
Impairment loss on Non-current Assets	*32*	(364)	0
Allocations to provisions	*33*	(6,594)	(1,888)
Total Operating Costs		**(138,950)**	**(120,702)**
Operating Profit (Loss) (EBIT)		**11,273**	**9,045**
Financial income		62	61
Financial expense		(1,261)	(1,358)
Effect of measurement at equity		0	(3)
Total Financial Income/Expense	*34*	**(1,199)**	**(1,300)**
Profit (loss) before tax		**10,074**	**7,745**
Current income taxes	*35*	(2,714)	(1,832)
Deferred tax assets and liabilities	*35*	(957)	(738)
Total Income taxes		**(3,671)**	**(2,570)**
Net profit (loss) from continuing operations		**6,403**	**5,175**
Net profit (loss) from discontinued operations		**0**	**0**
Net profit (loss)		**6,403**	**5,175**
Net profit (loss) attributable to minority interests	*13*	**922**	**697**
Net profit (loss) attributable to owners of the Parent Company		**5,481**	**4,478**
Earnings (loss) per share:			
Basic earnings per share (Euro)	*36*	**0.04**	**0.03**
Diluted earnings per share (Euro)	*36*	**0.04**	**0.03**

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific statement of financial position in paragraph 5.3.

C. Consolidated Statement of Comprehensive Income

Amounts in EUR thousands	**FY 2018**	**FY 2017**
Net profit (loss)	**6,403**	**5,175**
Items not subject to reclassification in the income statement:		
Actuarial gains (losses) on employee benefits	(70)	(20)
Tax effect on actuarial gains (losses)	17	5
Items subject to reclassification in the income statement		
when certain conditions are met:		
Gains (losses) on cash flow hedges	(51)	22
Translation gains (losses)	(32)	(346)
Other items of comprehensive income	**(136)**	**(339)**
Net comprehensive profit (loss)	**6,267**	**4,836**
Attributable to:		
Owners of the Parent Company	5,343	4,132
Minority interests	924	704

D. Consolidated Statement of Cash Flows

Amounts in EUR thousands	*Notes*	2018	2017
Net profit (loss)		6,403	5,175
Amortisation, depreciation and write-downs	*31-33*	5,333	6,229
Non-monetary changes in post-employment benefits (TFR)		220	1,300
Net financial expense in the income statement	*34*	1,240	1,414
Taxes for the year	*35*	2,714	1,832
Deferred tax assets and liabilities	*35*	957	738
Losses on current assets and provisions	*32-33*	6,958	1,888
Increase in internal work capitalised	*30*	(3,709)	(3,427)
Other non-monetary changes		(50)	10
Exchange rate conversion differences		(6)	(78)
Cash flow from operating activities		**20,060**	**15,081**
Change in inventories	*8*	8	24
Change in trade receivables	*9*	(2,245)	(1,715)
Change in trade payables	*21*	45	(1,035)
Use of bad debt provisions	*20*	(1,343)	(767)
Other changes in current assets and liabilities		497	(4,984)
Taxes for the year paid	*21*	(468)	(511)
Post-employment benefits paid	*16*	(641)	(576)
Other changes in non-current assets and liabilities		(753)	(1,985)
Change in net working capital		**(4,900)**	**(11,548)**
Cash flow from (used in) operating activities		**15,160**	**3,533**
(Purchase) of property, plant and equipment net of disposals	*1*	(968)	(470)
(Purchase) of intangible assets net of disposals	*3*	(119)	(1,650)
Cash flow from business combinations net of cash acquired		(1,339)	(616)
(Purchase)/sale of equity investments and securities		67	0
Cash flow from (used in) investing activities		**(2,358)**	**(2,736)**
Change in current financial assets	*12*	216	(399)
Change in current financial liabilities	*16*	3,048	(2,428)
Financial expense paid		(1,156)	(1,333)
Change in non-current financial liabilities	*15*	3,397	(3,568)
Cash paid for purchase of share pertaining to third parties		0	(1,077)
Cash paid to purchase own shares		(2,366)	0
Distribution of dividends paid to Group shareholders		(2,698)	(1,996)
Distribution of dividends paid to minority interests	*14*	0	(350)
Change in share of minority interests	*14*	0	14
Cash flow from (used in) financing activities		**441**	**(11,138)**
Cash flow from (used in) discontinued operations		**0**	**0**
Cash and cash equivalents		**13,243**	**(10,342)**
Net cash and cash equivalents - opening balance	*13*	22,767	33,109
Net cash and cash equivalents - closing balance	*13*	36,010	22,767
Net increase (decrease) in cash and cash equivalents		**13,243**	**(10,342)**

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific statement of financial position in paragraph 5.3.

E. Statement of Changes in Consolidated Shareholders' Equity

Amounts in EUR thousands	Share capital	Reserves and retained earnings	Profit (loss) for the year	Group Shareholders' equity	Minority interests	Total
SHAREHOLDERS' EQUITY AT 31.12.2016	**27,109**	**19,219**	**4,246**	**50,574**	**486**	**51,060**
Net profit (loss)			4,478	4,478	697	5,175
Other items of comprehensive income		(346)		(346)	7	(339)
Net comprehensive profit (loss)		**(346)**	**4,478**	**4,132**	**704**	**4,836**
Allocation of prior year profit (loss)		4,246	(4,246)			0
Dividend distribution		(1,996)		(1,996)	(350)	(2,346)
(Purchases)/Disposals of Minority Interests		54		54	(41)	14
SHAREHOLDERS' EQUITY AT 31.12.2017	**27,109**	**21,177**	**4,478**	**52,764**	**799**	**53,563**
Net profit (loss)			5,481	5,481	922	6,403
Other items of comprehensive income		(138)		(138)	2	(136)
Net comprehensive profit (loss)		**(138)**	**5,481**	**5,343**	**924**	**6,267**
Allocation of prior year profit (loss)		4,478	(4,478)			0
Purchase of own shares		(2,366)		(2,366)		(2,366)
Dividend distribution		(2,698)		(2,698)		(2,698)
Other changes		10		10		10
SHAREHOLDERS' EQUITY AT 31.12.2018	**27,109**	**20,463**	**5,481**	**53,053**	**1,723**	**54,776**

Notes to the consolidated financial statements

1. Corporate information

The Be Group is one of the leading Italian players in the IT Consulting sector. The Group provides Business Consulting, Information Technology and Professional Services. A combination of specialist skills, advanced proprietary technologies and a wealth of experience enable the Group to work with leading financial and insurance institutions and Italian industries to improve their competitive capacity and their potential to create value. With around 1,200 employees and branches in Italy, Germany, United Kingdom, Switzerland, Austria, Poland, the Ukraine, Spain and Romania, in 2018 the Group recorded total revenues of Euro 150.2 million.

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

The consolidated financial statements at 31 December 2018 were approved for publication by the Parent Company Board of Directors on 12 March 2019.

2. Measurement criteria and accounting standards

2.1. Presentation criteria

The consolidated financial statements of the Be Group at 31 December 2018 have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as with provisions issued in implementation of art. 9 of Italian Legislative Decree 38/2005. The above standards are integrated with IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) interpretations. The consolidated financial statements comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity and the relative notes to the consolidated financial statements.

The Be Group consolidated income statement is presented by using a classification of individual components based on their nature. This format complies with the management reporting method adopted by the Group and is therefore considered more representative than a presentation by item allocation, providing more reliable and more significant indications for the business sector concerned. With reference to the statement of financial position, a presentation format has been adopted that divides assets and liabilities into current and non-current, as permitted by IAS 1.

The consolidated statement of cash flows indicates cash flows during the year and classified as operating, investing or financing activities. Cash flows from operating activities are recognised using the indirect method.

The statement of changes in consolidated shareholders' equity was prepared in compliance with IAS 1.

With regard to segment reporting in accordance with IFRS 8, note that in view of the Group's business operations the reference format is that for operating segments, a better description of which can be found in paragraph 2.14 "Segment reporting".

The Financial Statements and the notes to the financial statements are presented in thousands of Euro unless otherwise indicated. There could be differences in the unit amounts shown in the tables below due to rounding.

This document is compared with the previous consolidated financial statements, drawn up on the same criteria; the closing date of the financial year, which lasts 12 months, is 31 December of each year. In preparing these financial statements, the directors used going concern assumptions and therefore prepared the statements on the basis of standards and criteria applying to fully operative companies.

For further information, please refer to paragraph 2.4 "Disclosure on going concern assumptions".

The accounting principles adopted are in line with those adopted last year, with the exception of any effects resulting from the application of new accounting standards, detailed below in paragraph 2.10 "IFRS accounting standards, amendments and interpretations applicable from 1 January 2018".

2.2. Discretionary measurements and significant accounting estimates

Preparation of the financial statements and related notes in application of IFRS requires that management perform discretionary measurements and accounting estimates that have an effect on the value of assets, liabilities, revenue and costs in the financial statements and disclosures. The final results could differ from such estimates. The estimates are used in measuring goodwill, in recognising credit risk provisions, in measuring property, plant and equipment and intangible assets, in determining amortisation and depreciation and in calculating taxes and provisions for risks and charges.

Also note that the Directors have exercised their discretion in assessing the prerequisites for going concern assumptions. The estimates and assumptions are periodically reviewed and the effects of any change are immediately reflected in the income statement.

2.3. Uncertainty of estimates

When applying Group accounting standards, the Directors have taken decisions based on certain key assumptions regarding the future and other important sources of uncertainty in estimates at the end date of the financial statements, which could lead to adjustments to the book values of assets and liabilities. Intangible assets and goodwill represent a significant share of the Group's assets. More specifically, goodwill is tested for impairment at least once a year; said testing entails estimating the value in use of the cash flow generating units to which the goodwill pertains, in turn based on an estimation of the expected cash flows of the units and on their discounting based on an adequate discount rate; the assumptions made to determine the value in use of the individual cash flow generating units, to support said asset values, may not necessarily be fulfilled and may lead to adjustments of book values in the future.

The 2019-2021 Plan, approved by the Board of Directors' Meeting held on 20 February 2019 (hereinafter "2019-2021 Plan") was prepared by the Directors for the purpose of Impairment testing on the basis of forecasts and assumptions inherent to future trends in operations and the reference market.

The forecasts represent the best estimate of future events that management expects to arise and of action that management intends to take. These were estimated on the basis of final figures, orders already received or sales to be made to established customers, as such presenting a lower degree of uncertainty and therefore a higher probability of actually occurring.

Vice versa, the assumptions relate to future events and action, fully or partly independent to management action; they are therefore characterised by a greater degree of chance, and in the case in hand mainly relate to the expected growth in the three-year period of new products and services of the ITC Solutions business line, as well as the expected growth of the Consulting business line.

Consequently, the Directors acknowledge that the strategic objectives identified in the 2019-2021 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan, their extent and timing.

Any failure to implement said initiatives could result in lower economic results with consequent negative effects on the Group's income statement and statement of financial position and on whether the future cash flows on which the estimated value in use to support the recoverability of goodwill recorded under assets is based, amongst other things, can be achieved.

2.4. Disclosure on going concern assumptions

The 2019-2021 Plan was prepared on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. Though reasonable, these do show profiles of uncertainty due to the questionable nature of future events and the characteristics of the market in which the Group operates.

Given the above and given the contents of paragraph 8 "Events after 31 December 2018 and business outlook" in the Management Report, the Directors consider going concern assumptions to be appropriate in preparing the Consolidated Financial Statements as no uncertainties have emerged associated with events or circumstances which, taken individually or as a whole, could give rise to doubts about the company as a going concern.

2.5. Scope of consolidation

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

Taking previous considerations into account, a list of equity investments in companies included in the scope of consolidation is provided below, as required by Consob Communication no. 6064293 of 28 July 2006:

Company name	Registered office	Share Capital	Currency	Parent Company	% interest	Minority interests
Be S.p.A.	Rome	27,109,165	EUR			
Be Consulting S.p.A.	Rome	120,000	EUR	Be S.p.A.	100%	0%
Be Solutions S.p.A.	Rome	7,548,441	EUR	Be S.p.A.	100%	0%
Be Think Solve Execute RO S.r.l.	Bucharest	22,000	RON	Be S.p.A.	100%	0%
Iquii S.r.l.	Rome	10,000	EUR	Be Solutions S.p.A.	51%	49%
Juniper Extensible Solutions S.r.l	Trento	10,000	EUR	Be Solutions S.p.A.	51%	49%
Be Poland Think, Solve and Execute sp z.o.o	Warsaw	1,000,000	PLN	Be Consulting S.p.A.	100%	0%
Be Ukraine LLC	Kiev	20,116	UAH	Be Consulting S.p.A.	100%	0%
iBe Think Solve Execute Ltd	London	91,898	GBP	Be Consulting S.p.A.	100%	0%
Payments and Business Advisors S.l.	Madrid	3,000	EUR	Be Consulting S.p.A.	60%	40%
Paystrat Solutions SL (Pyngo)	Madrid	10,265	EUR	Payments and Business Advisors S.l.	65%	35%
Be Sport, Media & Entertainment Ltd	London	318,774	GBP	iBe TSE Ltd	75%	25%
Be TSE GmbH	Munich	92,033	EUR	Be Consulting S.p.A.	90%	10%
R&L AG	Munich	1,882,000	EUR	Be TSE GmbH	59%	41%
Targit GmbH	Vienna	35,000	EUR	Be TSE GmbH	100%	0%
Be TSE Switzerland AG	Zurich	100,000	CHF	Be TSE GmbH	100%	0%
FIMAS GmbH	Frankfurt	25,000	EUR	Be TSE GmbH	60%	40%
Confinity GmbH	Magdeburg	50,000	EUR	FIMAS GmbH	100%	0%

Compared to 31 December 2017, the scope of consolidation has been altered by the following events:

- in May 2018, the Be Group acquired 100% of Q-fin GmbH through the subsidiary Fimas GmbH, which held an interest of 50% in Confinity GmbH; in the second half of the year, Fimas GmbH incorporated Q-fin GmbH and following the transaction, the entire capital of Confinity GmbH is held by Fimas GmbH. Consequently, in 2018, Confinity GmbH was also consolidated on a line-by-line basis rather than through the equity method previously used in the Annual Financial Report at 31 December 2017;
- in June 2018, the Be Group acquired 51% of Juniper Extensible Solutions S.r.l. through the subsidiary Be Solutions S.p.A.
- in November, the strike-off of LOC Consulting Ltd, wholly owned by iBe Think Solve Execute Ltd, was completed.

2.6. Principles of consolidation

The consolidation of subsidiary companies is made on the basis of their respective accounts, appropriately adjusted to bring them in line with the accounting principles adopted by the Parent

Company. The end date of the financial year of the subsidiaries included in the scope of consolidation is the same as that of Be S.p.A.

Subsidiaries are consolidated on a line-by-line basis, starting from their date of acquisition, namely from the date on which the Group acquired control, and are no longer consolidated from the date on which control is transferred out of the Group. In preparing the consolidated financial statements, assets and liabilities are assumed on a line-by-line basis, as are the costs and revenue of the companies consolidated, at their total amount, attributing the portion of shareholders' equity and of the profit (loss) for the year relating to minority shareholders under specific items of the statement of financial position and the income statement. The book value of the equity interest in each subsidiary is eliminated against the corresponding portion of shareholders' equity of each subsidiary, including any fair value adjustments, at the acquisition date, to the relative assets and liabilities; any remaining difference that arises, if positive, is allocated to goodwill, and if negative, to the income statement. All intercompany balances and transactions, including any unrealised gains resulting from transactions performed between Group companies, are eliminated in full. The amount of gains and losses recorded with associated companies attributed to the Group are eliminated. Intercompany losses are eliminated, unless they represent impairment losses.

2.7. Conversion of financial statements into currencies other than the Euro

The assets and liabilities of foreign subsidiaries are converted into Euro at the exchange rate in force on the date of the financial statements. Income and expense are converted at average exchange rates for the year. The differences resulting from exchange rates are recorded under "Translation reserve" in Shareholders' Equity. This reserve is recognised in the Income Statement as income or as expense for the period in which the relative subsidiary was transferred.

2.8. Transactions and balances in foreign currency

Transactions in foreign currencies are recognised at the exchange rate in force on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies on the reference date of the financial statements, are converted at the exchange rate in force on said date. The exchange rate differences generated by the derecognition of monetary items or by their conversion at different rates to those at which they were converted at the time of initial recognition are booked to the income statement. The table below shows the exchange rates used for conversion into Euro for the 2018 - 2017 financial statements in foreign currencies:

Exchange rates

Currency	2018 average	31.12.2018	2017 average	31.12.2017
British Pound (GBP)	0.8848	0.8945	0.8759	0.8872
Polish Zloty (PNL)	4.2612	4.3014	4.2561	4.1770
Ukrainian Hryvnia (UAH)	32.1075	31.7362	30.0364	33.7318
Romanian Leu (RON)	4.6540	4.6635	4.5690	4.6585
Swiss Franc (CHF)	1.1549	1.1269	1.1119	1.1702

2.9. Accounting principles

The accounting principles adopted in these Financial Statements are in line with those adopted last year, with the exception of any effects resulting from the application of new accounting standards, detailed below.

2.9.1. Intangible assets

Intangible assets acquired separately are recognised at cost, while those acquired through business combination transactions are recognised at fair value on the date of acquisition. After initial recognition, intangible assets are recognised at cost, net of any accumulated amortisation and any accumulated impairment losses. Intangible assets produced internally, with the exception of application software development costs, are not capitalised and are recognised in the income statement of the year in which they were incurred.

The useful life of intangible assets is classified as finite or indefinite. Intangible assets with a finite useful life are amortised for the period of the same and tested for impairment whenever there is evidence of possible impairment. The period and the amortisation method applied to the same is reviewed at the end of each year or more frequently, if retained necessary. Changes in the expected useful life or in the way in which the future economic benefits related to the intangible asset are consumed by the Group are recognised by changing the period or the amortisation method, as needed, and are treated as changes in accounting estimates.

The amortisation charges for intangible assets with finite useful life are recognised in the income statement under the specific item amortisation of intangible assets.

The useful life attributed to the various categories of asset is the following:

- patent rights and intellectual property rights from 3 to 10 years;
- IT platforms - from 3 to 10 years;
- concessions, licences and trademarks, the shorter between the duration of the right or 5 years;
- other software - 3 years.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The gains or the losses resulting from the sale of an intangible asset are measured as the difference between the net sales income and the book value of the asset and are recognised in the income statement at the time of sale.

2.9.2. Research and development costs

Research costs are booked to the income statement at the time they are incurred.

The development costs incurred with relation to a specific project are capitalised only when the Company can demonstrate the technical feasibility of completing the intangible asset, making it available for use or for sale, its intention to complete said asset to use it or to sell it, the way in which the same will generate potential future economic benefits, the availability of technical, financial or other resources required to complete the development and its ability to reliably assess the cost attributable to the asset during its development. After initial recognition, development costs are measured at cost, less any accumulated amortisation or loss. Any development costs capitalised are amortised with regard to the period in which the related project is envisaged to generate revenue for the Group.

The book value of development costs is re-assessed annually in order to ascertain any impairment losses, when the asset is not yet in use, or more frequently when there is evidence of a potential impairment loss in the year.

2.9.3. Goodwill

Goodwill acquired through a business combination is represented by the surplus cost of the business combination with respect to the pertinent share of equity measured at present values relating to the amounts of the identifiable assets, liabilities and potential liabilities acquired. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. The recoverability of goodwill is assessed at least once a year or more frequently if events or changes occur that could lead to any impairment loss (Impairment test).

Goodwill resulting from acquisitions made prior to the date of transition to IFRS standards is maintained at the values resulting from the application of Italian accounting principles and said value is tested for impairment annually.

To assess recoverability, the goodwill acquired through business combinations is allocated, from the acquisition date, to each of the cash flow generating units (or groups of units) that are retained to benefit from the synergies resulting from the acquisition, regardless of the allocation of other assets or liabilities acquired. Each unit or group of units to which goodwill is allocated:

- represents the lowest level within the Group at which goodwill is monitored for internal management purposes;
- is not higher than an operating segment as defined by IFRS 8 "Operating Segments".

Impairment losses are determined by establishing the recoverable amount of the cash flow generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the cash flow generating unit (or group of units) is lower than the book value, an impairment loss is recognised. In cases in which the goodwill is allocated to a cash flow generating unit (or group of units) whose assets are partially disposed of, the goodwill associated to the asset sold is considered when establishing any gain or loss resulting from the transaction. In these circumstances, the goodwill transferred is measured on the basis of the values relating to the asset disposed of with respect to the asset still held with relation to the same unit.

At the time of disposal of a part or of an entire business previously acquired and whose acquisition gave rise to goodwill, when establishing the gains or losses on disposal, the corresponding residual value of the goodwill is taken into consideration.

2.9.4. Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly attributable accessory costs and financial charges and needed to bring it to the working condition for which the asset was purchased, plus, when relevant and in the presence of present obligations, the present value of the cost estimated to dismantle and remove the asset.

When significant parts of these property, plant and equipment have different useful lives, these components are depreciated separately. Land, both unbuilt and related to buildings, is not depreciated insofar as it has an indefinite useful life.

The rates of depreciation used are as follows:

Rates of depreciation

Description of asset	Depreciation rate
Plant and machinery	From 15% to 20%
Fixtures and fittings, tools and other equipment	15%
Other assets:	
Office furniture and machines	12%
Electronic office machines	20%
Passenger cars	25%
Vehicles	20%

The book value of property, plant and equipment is tested to reveal any impairment losses, when events or changes in situations indicate that the book value cannot be recovered. If there is evidence of this nature and in the event in which the book value exceeds the estimated recoverable amount, the assets are written down to reflect their recoverable amount. The recoverable amount of property, plant and equipment is represented by the higher between the net sale price and the value in use.

When establishing the value in use, the expected future cash flows are discounted using a pre-tax discount rate which reflects the present market estimate of the cost of money with relation to the time and to the specific risks of the asset. For assets that do not generate fully independent cash flows, the recoverable amount is established in relation to the cash flow generating unit to which said asset belongs. Impairment losses are booked to the income statement under costs for amortisation, depreciation and write-downs. These impairment losses are reversed in the event in which the reasons that generated them should cease to exist.

At the time of sale or when the expected future benefits from the use of an asset no longer exist, it is derecognised from the financial statements and any gain or loss (calculated as the difference between the sale value and the book value) is booked to the income statement in the year of said derecognition. The residual value of the asset, the useful life and the methods applied are reviewed annually and adjusted if necessary at the end of each year.

2.9.5. Impairment loss on assets

On the closing date of the annual financial statements, the existence of impairment losses on assets is assessed. In said case, or in cases in which annual impairment testing is required, the recoverable amount is estimated. The recoverable amount is the higher between the fair value of an asset or cash flow generating unit net of sale costs, and its value in use, and is established by individual asset, unless said asset generates cash flows which are fully independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable amount, said asset has suffered an impairment loss and is consequently written down to its recoverable amount. When establishing the value in use, estimated future cash flows are discounted at the present value at a discount rate which reflects market valuations on the temporary value of money and the specific risks of the asset. The impairment losses suffered by continuing operations are booked to the income statement under the cost category pertaining to the function of the asset that has suffered the impairment loss.

On the closing date of the annual financial statements, an assessment is made as to whether the impairment loss previously recognised is still valid (or should be reduced) and a new recoverable amount is estimated.

The value of an asset previously written down (with the exception of goodwill) may be restated only if there are changes in the estimates used to establish the recoverable amount of the asset after the last recognition of an impairment loss. In this case, the book value of the asset is brought to its recoverable amount, although the increased value must not exceed the book value that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised in previous years. Each reversal is recognised as income on the income statement, unless the asset is recognised at a revalued amount, the case in which the reversal is treated as a revaluation. After an impairment loss has been reversed, the amortisation or depreciation charges of the asset are adjusted in future periods, in order to share the changed book value, net of any residual value, on a straight-line basis over the remaining useful life.

2.9.6. Financial assets

Based on the characteristics of the instrument and the business model adopted for its management, financial assets are classified into the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value through other comprehensive income; (iii) financial assets measured at fair value through profit or loss.

Initial recognition is at fair value. After initial recognition, the financial assets that generate contractual cash flows exclusively representing payments of principal and interest are measured at amortised cost if they are held for the purpose of collecting the contractual cash flows (known as the hold to collect business model). According to the amortised cost method, the value of initial recognition is later adjusted to take repayments of principal, any write-downs and the amortisation of the difference between the repayment value and the initial recognition value into account. Amortisation is made on the basis of the internal effective interest rate that represents the rate that renders the present value of the expected cash flows and the value of initial recognition equal.

The receivables and other financial assets measured at amortised cost are shown in the statement of financial position net of the relative bad debt provision.

Financial assets whose business model envisages both the option of collecting the contractual cash flows and that of recognising gains on disposals (known as the hold to collect and sell business model), are measured at fair value through other comprehensive income. In this case, any changes in the fair value of the instrument are recognised in shareholders' equity, under other components of comprehensive income. The cumulative amount of fair value changes, booked to the equity reserve that encompasses other components of comprehensive income, is reversed to the income statement when the instrument is eliminated from the accounts. The interest income calculated by using the effective interest rate, exchange rate differences and write-downs is recognised in the income statement.

A financial asset not measured at amortised cost or at fair value through other comprehensive income is measured at fair value through profit or loss; this includes financial assets held for trading. The financial assets disposed of are eliminated from assets when the contractual rights related to obtaining the cash flows associated to the financial instrument expire, or are transferred to third parties.

2.9.7. Final Inventories

Warehouse inventories are recognised at the lower between the purchase or production cost and the net recoverable amount represented by the amount that the enterprise expects to obtain from their sale during the normal course of business.

The cost of inventories is determined by applying the weighted average cost. The value of inventories obtained in this way is then adjusted by a specific "provision for obsolete goods", to take into account goods whose recoverable amount is lower than their cost.

2.9.8. Trade receivables and other receivables

Trade receivables and other receivables are recognised at their fair value, identified from the face value and subsequently reduced by any impairment losses. Trade receivables and other receivables which are not due within standard trading terms and which do not generate interest, are discounted.

2.9.9. Cash and cash equivalents

Cash and cash equivalents include cash and demand and short-term deposits, in the latter case whose original maturity is three months or less, and are recognised at their face value.

2.9.10. Treasury shares

Treasury shares that are repurchased are deducted from shareholders' equity. The purchase, sale, issue or cancellation of instruments representing share capital do not generate the recognition of any gain or loss in the income statement.

2.9.11. Employee benefits

Short-term employee benefits, namely due within twelve months of the end of the year in which the employee has worked, are recorded as a cost and as a liability for an amount corresponding to the non-discounted amount that should be paid to the employees for their service. Instead, long-term benefits, such as those to be paid beyond twelve months from the end of the year in which the employee worked, are recognised as a liability for an amount corresponding to the current value of the benefits on the date of the financial statements.

Post-employment benefits reflect the amount accrued in favour of employees, in accordance with the law in force and collective labour agreements. The liabilities relating to defined benefit plans, net of any assets serving the plan, are determined on the basis of actuarial assumptions and are recognised on an accrual basis in accordance with the work performed required to obtain the benefits; these liabilities are measured by independent actuaries. From 1 January 2007, the nature of Provisions for post-employment benefits changed from "defined benefit plans" to "defined contribution plans". For IAS purposes, Provisions for post-employment benefits accrued at 31 December 2006 continue to be considered a defined benefit plan. The accounting treatment of the amounts maturing from 1 January 2007 is therefore similar to that existing for payments of other types of contribution, both in the case of the supplementary pension plan option, and in the case in which it is paid into the Treasury Fund held by INPS.

As regards the liabilities relating to the defined benefit plan, IAS 19 envisages that all of the actuarial profits and losses accrued at the date of the financial statements should be immediately recognised in the "Statement of Comprehensive Income" (Other Comprehensive Income, hereafter OCI).

2.9.12. Provisions for risks and charges

Provisions for risks and charges regard costs and charges of a specific nature, whose existence is certain or likely, for which at the closing date of the reference period, the amount or contingency date has not been established. Provisions are recognised in the presence of a present obligation (legal or implicit) which originates from a past event, when an outlay of resources to meet the obligation is likely, and a reliable estimate of the amount of the obligation can be made.

Provisions are recognised at a value that represents the best estimate of the amount that the company should pay to extinguish the obligation or to transfer it to third parties on the closing date of the period. If the effect of discounting is significant, the provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate which reflects the present market valuation of the cost of money with relation to time.

When the discounting is performed, the increase of the provision due to the passing of time is recognised as a financial charge.

2.9.13. Trade and other payables

Trade payables and other payables are initially recognised at cost, namely at the fair value of the amount paid during the course of the transaction. Subsequently, payables that have a fixed due date are measured at amortised cost, using the effective interest rate method, while payables without a fixed due date are measured at cost. Short-term payables, for which the accrual of interest has not be agreed, are measured at their face value. The fair value of long-term payables has been established by discounting future cash flows: the discount is recognised as a financial charge over the term of the payable until due.

2.9.14. Financial liabilities

Financial liabilities, other than derivatives, are initially recognised at fair value less any transaction costs; subsequently, they are recognised at amortised cost for the purpose of discounting the effective interest rates as illustrated in paragraph 2.9.6. "Financial assets" above.

Financial liabilities are eliminated when they are extinguished, namely when the obligation specified in the contract has been fulfilled, cancelled or has expired.

2.9.15. Grants

A Government grant is recognised when there is reasonable certainty that it will be received and all conditions relating to the same have been met. When grants related to income regard cost components, they are deducted from the costs to which they refer. In the event in which a grant relates to an asset, the fair value is recognised as a reduction of the value of the assets to which it refers, with a consequent reduction of amortisation or depreciation charges.

2.9.16. Leases

Finance leases, which substantially transfer all of the risks and benefits relating to the ownership of the leased asset to the Group, are capitalised from the start date of the lease at the fair value of the leased asset or, if lower, at the present value of instalments. Instalments are split on a pro rata basis between a principal amount and an interest amount in order to apply a constant interest rate to the residual balance of the debt. Financial expense is booked directly to the income statement. Capitalised leased assets are amortised or depreciated over the shortest timeframe between the estimated useful life of the asset and the length of the lease agreement, if there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the agreement.

Operating lease instalments are recognised as costs in the income statement on a straight-line basis over the term of the agreement.

2.9.17. Revenue

Revenue is recognised to the extent to which it is likely that the economic benefits will be consumed by the Group and the relative amount can be reliably determined. The following specific recognition criteria must be applied to revenue before it may be booked to the income statement:

- Sale of assets: the revenue is recognised when the enterprise has transferred all of the significant risks and benefits related to the ownership of the asset to the buyer.
- Provision of services: the revenue generated by the provision of services is recognised in the income statement when the service is performed. If the outcome of the contract cannot be reliably estimated, the revenue is recognised only to the extent to which the costs incurred are considered recoverable.

In cases in which extensions are granted to the customer not at normal market conditions, without accruing interest, the amount that will be collected is discounted. The difference between the present value and the amount collected represents financial income and is recorded on an accrual basis.

- Interest: is recognised as financial income when the applicable interest income has been established (calculated using the effective interest method which is the rate that exactly discounts the expected future cash flows based on the expected life of the financial instrument at the net book value of the financial asset).
- Dividends: are recognised when the right of shareholders to receive payment arises.

2.9.18. Costs of goods and services

In accordance with the accrual principle, the above costs contribute to reducing economic benefits, and take the form of cash outflows or the reduction of the value of an asset or the incurrence of a liability.

2.9.19. Write-down of financial assets

The measurement of the recoverability of financial assets not measured at fair value through profit or loss is made on the basis of the so-called "Expected Credit Loss model".

More specifically, expected losses are usually calculated on the basis of the product between: (i) the exposure to the counterparty net of relative mitigating factors ("Exposure at Default"); (ii) the probability that the counterparty does not meet its payment obligations ("Probability of Default"); (iii) the estimate, in percentage terms, of the quantity of credit that will not be able to be recovered in the event of default ("Loss Given Default"), defined, based on past experience and potential action for recovery (e.g. out-of-court solutions, legal disputes etc.).

The recoverability of the financial receivables related to subsidiaries is measured also considering the outcome of underlying business initiatives and the macroeconomic scenarios of the countries in which the investee companies operate.

2.9.20. Current and deferred taxes

Deferred tax assets and liabilities are calculated on the temporary differences arising on the date of the financial statements between the tax amounts taken as reference for assets and liabilities and the amounts shown in the financial statements.

Deferred tax liabilities are recognised against all taxable temporary differences, with the exception of:

- when the deferred tax liabilities originate from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and which, at the time of said transaction, does not impact the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated to equity investments in subsidiaries, associates or joint ventures, if the reversal of the temporary differences may be checked and it is likely that it will arise in the foreseeable future.

Deferred tax assets are recognised against all deductible temporary differences to the extent that the existence of adequate future tax income is likely, which can render the use of the deductible temporary differences applicable, with the exception of the case in which:

- the deferred tax assets related to the deductible temporary differences originate from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of said transaction, does not impact the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with regard to taxable temporary differences associated to equity investments in subsidiaries, associates or joint ventures, the deferred tax assets are recognised only to the extent to which it is likely that the deductible temporary differences will be paid again in the future or there is adequate taxable income against which the temporary differences may be used. The likelihood of recovering deferred tax assets is assessed with reference, in particular, to taxable income expected in subsequent years and to the tax strategies that the Group intends to adopt (for example, tax consolidation agreements).

The value of deferred tax assets to be reported in the financial statements is reviewed on the closing date of the financial statements.

Deferred tax assets that are not recognised are reviewed annually on the closing date of the financial statements.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied to the year in which the assets are realised or the liabilities are extinguished, on the basis of rates that will be issued or substantially issued on the date of the financial statements. In this regard, note that art. 1, paragraph 61 of 2016 Italian Stability Law has established that, effective for tax years subsequent to that ending 31

December 2016 (and therefore from 1 January 2017), the rate of IRES will be 24% instead of the current 27.5%.

Income taxes relating to items recognised directly under shareholders' equity are booked to shareholders' equity and not to the income statement.

Deferred tax assets and liabilities are offset, when there is a legal right to offset current tax assets against current tax liabilities and said deferred taxes are enforceable vis-à-vis the tax authority in question.

Be Think, Solve, Execute S.p.A. (hereinafter "Be S.p.A."), the consolidating Parent Company, has a tax consolidation option for the three-year period 2017-2019 with the subsidiary Be Consulting Think, Project & Plan S.p.A. (hereinafter "Be Consulting") and with the subsidiary Iquii S.r.l.; for the three-year period 2018-2020 Be Solutions, Solve, Realize & Control S.p.A. (hereinafter "Be Solutions").

Note that, Italian Legislative Decree 147 dated 14 September 2015 (so-called Internationalisation decree) introduced the regime of the so-called "branch exemption", namely the option of exempting the income (and the losses) of permanent foreign organisations, who are therefore taxed exclusively in the Country in which the permanent organisation is located. Therefore, iBe Think Solve Execute Ltd-Italian Branch also chose this option.

Economic, equity and financial transactions resulting from the application of tax consolidation are regulated by a "tax consolidation contract" which disciplines the legal relationships resulting from the national tax consolidation scheme. On the basis of this agreement, against taxable income recorded and transferred to the Parent Company, the Subsidiary undertakes to recognise "tax adjustments" corresponding to the sum of the relative taxes due on the income transferred to the Parent Company.

2.9.21. Foreign currency translation

The currency adopted for the consolidated financial statements is the Euro. Transactions in currencies other than the Euro are initially recognised at the exchange rate in force (against the functional currency) on the date of the transaction. Monetary assets and liabilities, denominated in currencies other than the Euro, are reconverted into the functional currency in force on the closing date of the financial statements. All exchange rate differences are recognised in the income statement. Non-monetary items measured at historical cost in currencies other than the Euro are converted by the exchange rates in force on the date of initial recognition of the transaction. Non-monetary items measured at fair value in currencies other than the Euro are converted by the exchange rates in force on the date said value was determined.

2.9.22. Business combinations

Business combinations are recognised according to the acquisition method, as envisaged by IFRS 3 - Business combinations.

In the case of Business combinations that are performed in stages, the equity investment previously held in the acquired enterprise and remeasured at fair value on the date on which control was acquired and any resulting gains or losses are booked to the Income Statement under Gains/(losses) from disposal of equity investments. Any amounts resulting from the previously held equity investment and recognised under Other total gains and losses are reclassified in the Income Statement as if the equity investment had been disposed of.

2.9.23. Earnings per share

Earnings per share are calculated by dividing the net profit/loss for the period pertaining to the ordinary shareholders of the Parent Company by the average number of ordinary shares outstanding during the period, calculating and showing the effect between assets used in business operations and assets held for sale separately. Diluted earnings also include the effect of all financial instruments outstanding that have a potentially dilutive effect.

2.9.24. Derivative financial instruments

Derivative financial instruments, including embedded derivatives are assets and liabilities recognised at fair value.

With regard to the strategy and the objectives established for risk management, to qualify transactions as hedging requires: (i) verifying the existence of an economic relationship between the item hedged and the hedging instrument so that relative changes in value are offset and that this offsetting capacity is not influenced by the level of credit risk of the counterparty; (ii) defining a hedge ratio consistent with the objectives of risk management, as part of the risk management strategy established, making the appropriate rebalancing measures where necessary.

When hedging derivatives hedge the risk of changes in the fair value of the instruments hedged (fair value hedge), the derivatives are measured at fair value through profit or loss; likewise, the hedged instruments are adjusted to reflect the fair value changes associated to the risk hedged in profit or loss, regardless of the provision of a different measurement criterion generally applicable to the type of instrument in question.

When derivatives hedge the risk of changes in the cash flows of the instruments hedged (cash flow hedge), the changes in the fair value of the derivatives considered effective are initially recognised in the equity reserve relating to other comprehensive income components and later through profit or loss consistent with the economic effects produced by the transaction hedged. In the event of the hedging of future transactions, which entails recognising a non-financial asset or liability, the cumulative changes in the fair value of the hedging derivatives, recognised under shareholder's equity, are booked to adjust the recognition value of the non-financial assets/liabilities hedged (called basis adjustment).

The non-effective portion of the hedge is recognised in the income statement item "(Charges)/Income from derivative instruments".

At 31 December 2018, the Group had three swaps in place after entering into two loan agreements with a term of five years, at a floating rate of interest.

2.9.25. Put & Call contracts

Put & Call contracts on minority interests for the purpose of the Consolidated Financial Statements, are transactions that are part of transactions conducted on shareholders' equity and are measured at fair value.

More specifically, put and call contracts acquired at the same time control is acquired are recognised under financial liabilities for the value of the Put option and deducted from the interest of minority shareholders until its book value is reached, while any surplus amount is recognised under goodwill.

2.10. IFRS accounting standards, amendments and interpretations applicable from 1 January 2018

The accounting principles adopted are the same as for the previous year, except for those entering into force from 1 January 2018, and adopted by the Group for the first time, i.e.:

- On 28 May 2014, the IASB published **IFRS 15 - Revenue from Contracts with Customers** which, together with further clarifications published on 12 April 2016, will replace standards IAS 18 - Revenue and IAS 11 - Construction Contracts, as well as interpretations IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model, which will be applied to all contracts stipulated with customers, with the exception of those that fall within the scope of application of other IAS/IFRS standards such as leases, insurance contracts and financial instruments. The fundamental steps for the recognition of revenue according to the new model are:

  - identifying the contract with the customer;
  - identifying the performance obligations contained in the contract;
  - establishing the price;
  - allocating the price to the performance obligations contained in the contract;
  - the recognition criteria for revenue when the entity fulfils each performance obligation.

  The standard has been applied since 1 January 2018.

  The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.

- On 24 July 2014, the IASB published the final version of **IFRS 9 – Financial Instruments: recognition and measurement**. This document encompasses the results of the IASB project to replace IAS 39. The new standard must be applied to financial statements that start on 1 January 2018 or later.

  The standard introduces the new criteria for the classification and measurement of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based on the procedure adopted to manage financial instruments and on the characteristics of the contractual cash flows of the same financial assets in order to determine the measurement criterion, replacing the various rules envisaged by IAS 39. As regards financial liabilities instead, the main change made regards the accounting treatment of changes in the fair value of a financial liability designated as a financial liability measured at fair value through profit or loss, in the event in which these changes are due to a change in the credit rating of the issuer of the liability in question. According to the new standard, these changes must be recognised in "other comprehensive income" rather than the income statement. Furthermore, in the changes of financial liabilities defined as unsubstantial, it is no longer permitted to spread the economic effects of the renegotiation on the residual term of the debt by changing the effective interest rate on said date, but the relative effect must be recognised in the income statement.

  With regard to impairment, the new standard requires that the estimate of losses on loans is made on the basis of the expected losses model (and not on the incurred losses model used by IAS 39) using supportable information that is available without undue cost or effort, and that includes historical, current and forecast information. The standard envisages that this impairment model should be applied to all financial instruments, namely to financial instruments measured at amortised cost, to those measured at fair value through other comprehensive income, lease receivables and trade receivables.

Lastly, the standard introduces a new hedge accounting model with a view to improving on the requirements envisaged by the current IAS 39, which at times are considered too strict and not suitable to reflect the risk management policies of companies. The main new features of the document regard:

- the increase of the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities to be managed in hedge accounting;
- the change in the way that forward contracts and options are recognised when included in a hedge accounting relationship in order to reduce the volatility of the income statement;
- the changes to the test of effectiveness by replacing the current procedures based on a parameter of 80-125% with the principle of "economic relationship" between the item hedged and the hedging instrument; furthermore, a retrospective assessment of the effectiveness of the hedging relationship will no longer be required;

The greater flexibility of the new accounting rules is counterbalanced by requests for additional disclosures on the company's risk management activities.

The Group has adopted this standard since 1 January 2018, applying the exemption which enables the comparative information of previous years relating to the changes in the classification and measurement, including impairment losses, not to be restated.

The adoption of this amendment has entailed the Group applying the expected credit loss model introduced by IFRS 9, instead of the incurred credit loss model envisaged by IAS 39. On the basis of this new model, also financial assets not overdue, for which no impairment has been found, are analysed. To this end, the relative balances were broken down by common credit characteristics to highlight any sign of possible future non-performance. Based on these measurements, write-down percentages for each class of receivable were identified. These percentages represent the Group's opinion on expected losses in the next 12 months.

For additional information, refer to note 9 "Trade receivables".

The adoption of this amendment has resulted in an impact of Euro 78 thousand for the Group.

- On 20 June 2016, the IASB published an amendment to **IFRS 2 "Classification and measurement of share-based payment transactions"**, which contains certain clarifications regarding the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with the characteristics of net settlement and the recognition of changes to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. The amendments were applied from 1 January 2018.

  The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.

- On 8 December 2016, the IASB published a document entitled **"Annual Improvements to IFRSs**: **2014-2016 Cycle**", which partially integrates pre-existing standards as part of the annual process to improve the same. The main changes regard:
  - IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters. The amendment has

been applied since 1 January 2018 and regards the deletion of certain short-term exemptions envisaged by paragraphs E3-E7 of Appendix E of IFRS 1 insofar as the benefit of said exemptions is considered to have been superseded.

– IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice. The amendment clarifies that the option for a venture capital organization or a qualifying entity (such as, for example a mutual investment fund or similar entity) to measure investments in an associate or joint venture at fair value through profit or loss (rather than through the application of the equity method) is made for each individual investment on initial recognition. The change has been applied since 1 January 2018.

– IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard. The amendment clarifies the scope of application of IFRS 12, by specifying that the disclosure requirements in the standard, with the exception of those envisaged in paragraphs B10-B16, apply to all interests that are classified as held for sale, held for distribution to shareholders or as discontinued operations in accordance with IFRS 5 non-current assets held for sale and discontinued operations. The change has been applied since 1 January 2018.

The adoption of these amendments has had no effect on the Group's Consolidated Financial Statements.

- On 8 December 2016, the IASB published the amendment to **IAS 40 "Transfers of Investment Property"** These amendments clarify the requirements needed to transfer a property from, or to, investment property. More specifically, an entity must reclassify a property under, or from, investment property only when there is evidence of a change in use of the property. Said change must relate to a specific event that has already taken place, and must not therefore be limited to a change in the intentions of the entity's Management. These amendments were applied from 1 January 2018.

  The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.

- On 8 December 2016, the IASB published an interpretation entitled **"Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)".** The objective of the interpretation is to provide guidelines for foreign currency transactions where non-monetary payments or receipts made in advance (as a balancing entry for the cash received/paid) are recognised in the financial statements before the recognition of the relative asset, cost or income. The document provides indications of how an entity should establish the date of a transaction, and consequently, the exchange rate to use in the case of foreign currency transactions in which the payment is made or received in advance.

  The interpretation clarifies that the date of the transaction is the earlier between:

  – the date of initial recognition of the payment or the receipt made in advance in the financial statements of the entity;

  – the date on which the asset, cost or income (or part of the same) are recognised in the financial statements (with the consequent elimination of the payment or the receipt made in advance).

  If there are multiple payments or receipts in advance, a specific date of transaction must be established for each payment or receipt. IFRIC 22 has been applied since 1 January 2018.

The adoption of this interpretation has had no effect on the Group's Consolidated Financial Statements.

2.11. IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, whose application is not yet compulsory and for which the Group did not opt for early adoption at 31 December 2018

- On 13 January 2016, the IASB published standard **IFRS 16 - Leases**, which will replace IAS 17 - Leases, as well as interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from service contracts, identifying the following as discriminants: the identification of the asset, the right to replace the same, the right to substantially obtain all of the economic benefits resulting from the use of the asset and lastly the right to direct the use of the asset underlying the contract.

  The standard established a single model for the recognition and measurement of lease contracts for the lessee, which entail recognising the leased asset, including operating assets, under assets in the statement of financial position, with a balancing entry of a financial payable. On the contrary, the Standard does not involve any changes for lessors.

  The standard is applicable from 1 January 2019, although early adoption is permitted.

  The Group has completed the preliminary assessment of the potential impact resulting from the application of the new standard on the transition date (1 January 2019). This process entails various stages, including the full mapping of contracts that are potentially suitable to contain a lease and an analysis of the sale with a view to understanding the main clauses relevant to IFRS 16.

  The Group has decided to apply the principle using the amended retrospective method, recognising the cumulative impact resulting from the application of the standard in shareholders' equity at 1 January 2019, in accordance with the provision of paragraphs C7-C13 of IFRS 16. More specifically, with regard to lease contracts previously classified as operating, the Group will recognise:

  – a financial liability, corresponding to the present value of residual future payments on the transition date, discounted by using, for each contract, the incremental borrowing rate applicable on the transition date of around Euro 10 million;

  – a usage right equal to the value of the financial liabilities on the transition date, net of any accrued income and prepaid expenses/accrued liabilities and deferred income relating to the lease and recognised in the statement of financial position on the reporting date of these financial statements, corresponding to around Euro 10 million;

  These impacts are determined by contracts in force at 1 January 2019, mainly relating to long-term property leases and to leases for company cars used by personnel.

  The transition to IFRS 16 introduces several elements of professional judgment, which entail defining certain accounting policies and using assumptions and estimates relating to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- lease term: the Group has analysed all lease contracts, defining the lease term for each of them, given by the "non-cancellable" period together with any clauses relating to extension or early termination, the exercise of which has been deemed as reasonably certain. More specifically, for property, said valuation has considered the facts and circumstances specific to each asset. With regard to the other categories of assets, mainly company cars and equipment, the Group has generally deemed the exercise of any extension or early termination clauses as unlikely given the practices usually following by the Group;
- definition of the incremental borrowing rate: as the majority of the contracts entered into by the Group there is not an embedded interest rate, the discounting rate to be applied to the future payments of instalments has been established as the risk-free rate of each country in which the contracts have been entered into, with expiries relative to the term of the specific contract, increase of the Group's specific credit spread.

To facilitate the understanding of the impact resulting from the first-time application of the standard, the following table, whose values are shown in thousands of Euro, provides a reconciliation of future commitments relating to lease contracts and the expected impact of the adoption of IFRS 16 at 1 January 2019.

Description	Impact on transition date 1 January 2019
ASSET	
Commitments for operating leases at 31 December 2018	10,214
Other changes	280
Gross value of liabilities resulting from leases at 1 January 2019 - before the application of IFRS 16	**10,494**
Discounting	(380)
Liabilities resulting from leases at 1 January 2019 - before the application of IFRS 16	**10,114**
Present value of financial leases at 31 December 2018 former IAS 17	0
Liabilities resulting from leases at 1 January 2019	**10,114**

- On 12 October 2017, the IASB published an amendment to **IFRS 9 "Prepayment Features with Negative Compensation"** This document specifies that instruments which envisage an early repayment could respect the "SPPI" (Solely Payments of Principal and Interest) test also in the event in which the reasonable additional compensation payable in the case of early repayment is a negative compensation for the lender. The amendment is applicable from 1 January 2019, although early adoption is permitted.

  The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.

- On 7 June 2017, the IASB published interpretation IFRIC 23 – **"Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)**". The interpretation tackles the topic of uncertainty over the tax treatment to adopt as regards income taxes. More specifically, the interpretation requires an entity to analyse uncertain tax treatments (individually or as a whole, depending on their characteristics) always assuming that the tax authority will examine the tax position in question, with full knowledge of all relevant information. In the event that an entity deems it unlikely that the tax authority will accept the tax treatment adopted, the entity must reflect the effect of the uncertainty when calculating its current and deferred income taxes. Furthermore, the document does not contain any new disclosure obligation but emphasises that the entity must establish whether it is necessary to provide information on the considerations made by management and regarding the uncertainty on the accounting treatment of taxes, in accordance with the provisions of IAS 1.

The new interpretation is applicable from 1 January 2019, although early adoption is permitted.

The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.

2.12. IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the reference date of these Group Consolidated Financial Statements, the competent bodies of the European Union have not yet completed the endorsement process required for adoption of the amendments and standards illustrated below.

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts, which will replace IFRS 4 - Insurance Contracts.**

  The objective of the new standard is to ensure that an entity provides pertinent information that truthfully represents the rights and obligations under the insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in the existing accounting standards, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds.

  The new standard also envisages requirements for presentation and disclosure to improve the comparability of entities belonging to this sector.

  The new standard measures an insurance contract on the basis of a General Model or a simplified version of the same, called Premium Allocation Approach ("PAA").

  The main characteristics of the General Model are:

  - the estimates and the assumptions of future cash flows are always current ones;
  - the measurement reflects the temporary value of money;
  - the estimates envisage the extensive use of information that can be observed in the market;
  - there is a current and explicit measurement of the risk;
  - the expected profit is deferred and aggregated in groups of insurance contracts at the time of initial recognition; and
  - the expected profit is recognised in the contractual period covered, taking adjustments resulting from changes in assumptions relating to the financial cash flows of each group of contracts into account.

  The PAA approach envisages the measurement of the liabilities for the residual coverage of a group of insurance contracts on condition that, at the time of initial recognition, the entity envisages that this liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically suited to the PAA approach. The simplification results from the application of the PAA method does not apply to the measurement of liabilities for existing claims, which are measured with the General

Model. However, it is not necessary to discount cash flows where the balance to be paid or collected is expected to be made within one year from the date on which the claim was made.

The entity must apply the new standard to insurance contracts issued, including re-insurance contracts issued, re-insurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

The standard is applicable from 1 January 2021, although early adoption is permitted only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.

- On 12 October 2017, the IASB published a document entitled **"Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)".** This document clarifies the need to apply IFRS 9, including the requirements relating to impairment, to other long-term interests in associates and joint ventures to which the equity method does not apply. The amendment is applicable from 1 January 2019, although early adoption is permitted.

  The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.

- On 12 December 2017, the IASB published a document entitled **"Annual Improvements to IFRSs: 2015-2017 Cycle"** which summarises the changes to several standards as part of the annual process to improve the same. The main changes regard:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that represents a joint operation, it must remeasure previously held interests in said business. Instead, this process is not envisaged if joint control is obtained.
  - IAS 12 Income Taxes: the amendment clarifies that all of the tax effects linked to dividends (including payments on financial instruments classified under equity) must be accounted in a consistent manner with the transaction that generated said profits (income statement, OCI or equity).
  - IAS 23 Borrowing costs: the amendment clarifies that in the case of loans that are still in place even after the qualifying asset in question is ready to use or to sell, the same become part of the set of loans used to calculate the borrowing costs.

  The amendments are applicable from 1 January 2019, although early adoption is permitted.

  At present, the directors are assessing the potential impact that the introduction of these amendments would have on the Group's consolidated financial statements.

- On 7 February 2018, the IASB published a document entitled **"Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)**". The document clarifies how an entity must record a change (i.e., a curtailment or a settlement) in a defined benefits plan. The amendments require an entity to update its hypotheses and again measure the net asset or liability arising from the plan. Amendments clarify that after the occurrence of such an event, an entity must use updated hypotheses to measure the current service cost and interest for the rest of the reference period subsequent to the event.

  At present, the directors are assessing the potential impact that the introduction of these amendments would have on the Group's consolidated financial statements.

- On 22 October 2018, the IASB published a document entitled **"Definition of a Business (Amendments to IFRS 3)**". The document provides some clarifications on the definition of business for the correct application of IFRS 3. In particular, the amendment clarifies that while a business usually generates an output, the presence of an output is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to meet the definition of a business, an integrated set of activities/processes and assets must include, at least one input and one substantial process that together contribute to the ability to create output in a substantial manner. To this end, the IASB replaced the term "ability to create output" with "ability to contribute to creating output" to clarify that a business can exist even without the presence of all of the inputs and processes needed to create an output.

The amendment also introduced an optional test ("concentration test") for the entity, to determine whether a set of activities/processes and assets purchased is not a business. If the test provides a positive result, the set of activities/processes and goods purchased does not represent a business and the standard does not require further tests. If the test provides a negative result, the entity must conduct further analyses on the assets/processes purchased to identify the presence of a business. To this end, the amendment has added numerous illustrative examples to IFRS 3 to facilitate the understanding of the practical application of the new definition of business in specific cases. The changes are applicable to all business combinations and acquisitions of assets from 1 January 2020, although early adoption is permitted.

At present, the directors are assessing the potential impact that the introduction of this amendment would have on the Group's consolidated financial statements.

- On 31 October 2018, the IASB published a document entitled "**Definition of Material (Amendments to IAS 1 and IAS 8)**" The document introduced a change to the definition of "material" contained in standards IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The purpose of this amendment is to be the definition of "material" more specific and to introduce the concept of "obscured information" alongside the concepts of omitted or erroneous information already present in the two standards being amended. The amendment clarifies that information is "obscured" when it is described in such a way that it has an effect on the primary readers of financial statements that is similar to that which would have been produced if said information would have been omitted or erroneous.

  At present, the directors are assessing the potential impact that the introduction of this amendment would have on the Group's consolidated financial statements.

- On 11 September 2014, the IASB published an amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.** This document was published to resolve the current conflict between IAS 28 and IFRS 10. According to IAS 28, the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a stake in the share capital of the latter is limited to the stake held by other investors not involved in the transaction in the joint venture or associate. On the contrary, IFRS 10 envisages the recognition of the entire gain or loss in the case of the loss of control of a subsidiary, even if the entity continues to hold a non-controlling interest in the same, also including the sale or contribution of a subsidiary to a joint venture or associate. The amendments introduced envisage that in a sale/contribution of an asset or of a subsidiary to a joint venture or an associate, the amount of the gain or of the loss to be recognised in the financial statements of the seller/contributor depends on whether or not the assets or the subsidiary sold/contributed constitutes a business, as defined by IFRS 3. If the assets or the subsidiary do represent a business, the entity must recognise the gain or the loss on the entire investment previously held; otherwise, the share of the gain or the loss relating to the interest still held by the entity must be derecognised. At present, the IASB has suspended the application of this amendment.

  At present, the directors are assessing the potential impact that the introduction of these amendments would have on the Group's consolidated financial statements.

2.13. Business combinations in the reporting period

As described previously, the Be Group acquired 100% of Q-Fin GmbH in the first half of 2018, through subsidiary Fimas GmbH, and 51% of Juniper Extensible Solutions S.r.l., through subsidiary Be Solutions S.p.A., confirming its consolidation strategy for both the Italian and European markets.

- With regard to the 100% acquisition of Q-Fin GmbH, Fimas GmbH paid Euro 0.8 million at the time of closing. The reference values for the transaction were as follows:

Amounts in EUR thousands	**Book value of the business acquired**	**Fair value adjustments**	**Fair Value**
Property, plant and equipment	47	0	47
Intangible assets	166	0	166
Trade receivables	38	0	38
Equity investments	36	0	36
Other assets and receivables	37	0	37
Cash and cash equivalents	291	0	291
Financial receivables	100	0	100
Trade payables	(5)	0	(5)
Tax payables	(40)	0	(40)
Other liabilities and payables	(158)	0	(158)
NET TOTAL OF ASSETS ACQUIRED	**512**	**0**	**512**
GOODWILL			**1,269**
ACQUISITION PRICE			**1,781**
broken down as follows (amounts include discounting as at the acquisition date):			
2018 fee			(1,253)
Extended fee discounted including earn-out			(528)
CASH FLOW FROM THE ACQUISITION			
Payment already made			(1,253)
Cash and cash equivalents acquired			291
NET CASH FLOWS			**(962)**

The purchase price for 100% of the share capital was set as Euro 1,000 thousand, of which Euro 800 thousand to be paid at the time of closing and Euro 200 thousand by 31 December 2018 (corresponding to a discounted value on the acquisition date of Euro 193 thousand), plus any cash balance, which has been calculated as Euro 253 thousand (corresponding to a discounted value on the acquisition date of Euro 249 thousand).

The agreement also envisages an extra price amount to sellers based on the results recorded by the subsidiary in FYs 2018-2022. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 600 thousand (corresponding to a discounted amount at the acquisition date of Euro 537 thousand).

The transaction was accounted for using the purchase cost method with effect from the date of acquisition of control; the gain of Euro 1,269 thousand generated by the acquisition was allocated to goodwill.

Note that in the second half of the year, Fimas GmbH incorporated Q-fin GmbH; and following the transaction, the entire capital of Confinity GmbH is held by Fimas GmbH.

- With regard to the 51% acquisition of Juniper Extensible Solutions S.r.l., Be Solutions S.p.A. paid Euro 0.5 million at the time of closing. The reference values for the transaction were as follows:

Amounts in EUR thousands	**Book value of the business acquired**	**Fair value adjustments**	**Fair Value**
Property, plant and equipment	33	0	33
Intangible assets	1	0	1
Trade receivables	266	0	266
Equity investments	28	0	28
Tax receivables	1	0	1
Other assets and receivables	44	0	44
Cash and cash equivalents	169	0	169
Financial receivables	36	0	36
Post-employment benefits (TFR)	(68)	0	(68)
Trade payables	(122)	0	(122)
Long-term financial payables	(11)	0	(11)
Short-term financial payables	(223)	0	(223)
Other liabilities and payables	(145)	0	(145)
NET TOTAL OF ASSETS ACQUIRED	**10**	**0**	**10**
GOODWILL			**894**
ACQUISITION PRICE			**904**
broken down as follows (amounts include discounting as at the acquisition date):			
2018 fee			(546)
Extended fee discounted including earn-out			(358)
CASH FLOW FROM THE ACQUISITION			
Payment already made			(546)
Cash and cash equivalents acquired			169
NET CASH FLOWS			**(377)**

The purchase price for 51% of the share capital was set as Euro 546 thousand, to be paid fully upon closing.

Note that the agreement between the parties envisages an option to acquire the remaining 49% in two later stages: 29% by May 2021 and the other 20% by May 2025.

More specifically, the put&call option envisages:

- an earn-out for the first 29% based on any positive results recorded by the subsidiary in FYs 2018 and 2020. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 180 thousand (corresponding to a discounted amount at the acquisition date of Euro 162 thousand);

- an earn-out for the second 20% based on any positive results achieved by the subsidiary in FYs 2021, 2022, 2023 and 2024. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 244 thousand (corresponding to a discounted amount at the acquisition date of Euro 195 thousand).

  The transaction was accounted for using the purchase cost method with effect from the date of acquisition of control; the gain of Euro 894 thousand generated by the acquisition was allocated to goodwill.

  In the period between the date of acquisition of control by the Be Group and the closing date of the consolidated financial statements at 31 December 2018, the Company achieved a total revenue of Euro 1,157 thousand and a profit before tax of Euro 237 thousand.

2.14. Segment reporting

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

- **Business Consulting:**

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

- **ICT Solutions:**

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

  The structure of the disclosure reflects that of the reports periodically analysed by management and by the Board of Directors to manage the business and is the subject of periodic management reporting and planning. The Parent Company's activities and those of residual businesses are indicated separately.

  The economic positions of the Group for 2018 compared with 2017 are reported below, separating continuing operations from discontinued operations.

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

  At present, the Group does not believe that a segment analysis by geographic area is relevant for its reporting purposes, considering that in 2018, 39.3% of production value originated from markets abroad, with the DACH Region (DE, AUT and SUI) accounting for a significant share, contributing Euro 42.1 million to revenue generation, while the UK market generated Euro 13.4 million of revenues and the remaining markets Euro 3.6 million.

Breakdown by operating segment 1 January 2018- 31 December 2018

	Consulting	ICT Solutions	Corporate and other	Disposals	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	107,861	44,609	4,582	0	(11,769)	0	145,282
Other revenue	2,702	3,061	2,233	0	(3,056)	0	4,941
Value of production	110,563	47,669	6,815	0	(14,824)	0	150,223
Operating Profit (Loss) (EBIT)	11,742	5,485	(5,954)	0	0	0	11,273
Net financial expense	(782)	(567)	6,513	0	(6,363)	0	(1,199)
Net profit (loss)	7,691	3,345	1,729	0	(6,362)	(922)	5,481
Goodwill	32,138	29,417	0	0	0	0	61,555
Intangible assets	7,595	8,845	7	0	0	0	16,446
Property, plant and equipment	1,572	627	3	0	0	0	2,201
Segment assets	64,586	18,609	98,279	0	(106,538)	0	74,936
Segment liabilities	(52,147)	(34,653)	(65,398)	0	51,836	0	(100,362)

Breakdown by operating segment 1 January 2017- 31 December 2017

	Consulting	ICT Solutions	Corporate and other	Disposals	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	92,117	40,247	4,875	0	(9,518)	0	127,721
Other revenue	1,835	542	716	0	(1,067)	0	2,026
Value of production	93,952	40,789	5,591	0	(10,585)	0	129,747
Operating Profit (Loss) (EBIT)	10,927	1,906	(3,785)	0	(3)	0	9,045
Net financial expense	(1,157)	(473)	4,078	0	(3,747)	0	(1,300)
Net profit (loss)	6,850	661	1,300	0	(3,635)	(697)	4,478
Goodwill	30,911	28,811	0	0	0	0	59,722
Intangible assets	8,796	8,285	1	0	0	0	17,082
Property, plant and equipment	1,301	613	4	0	0	0	1,918
Segment assets	67,838	17,297	90,956	0	(116,860)	0	59,232
Segment liabilities	(52,905)	(33,908)	(54,686)	0	57,111	0	(84,388)

3. Breakdown of the main items of the Statement of Financial Position

Note 1.

Property, plant and equipment

At 31 December 2018, property, plant and equipment recorded a balance of Euro 2,201 thousand, net of cumulative depreciation, compared to Euro 1,918 thousand at 31 December 2017.

Change in historical cost

	Historical cost 2017	Business combinations	Increases	Decreases	Reclassifications	Exchange gains/losses	Historical cost 2018
Plant and machinery	10,502	5	3	(8,985)	0	0	1,525
Fixtures and fittings, tools and other equipment	2,939	62	32	(2,633)	0	0	400
Other assets	23,839	84	667	(4,496)	0	4	20,098
Assets under development and advances	3	0	348	0	0	0	351
TOTAL	**37,283**	**151**	**1,050**	**(16,114)**	**0**	**4**	**22,374**

Change in accumulated depreciation

	Accumulated depreciation 2017	Business combinations	Depreciation	Decreases	Reclassifications	Exchange gains/losses	Accumulated depreciation 2018
Plant and machinery	10,435	2	25	(8,979)	0	0	1,483
Fixtures and fittings, tools and other equipment	2,797	12	65	(2,629)	0	0	245
Other assets	22,133	56	675	(4,423)	0	4	18,445
TOTAL	**35,365**	**71**	**765**	**(16,031)**	**0**	**4**	**20,173**

	Net value 2017	Net value 2018
Plant and machinery	67	42
Fixtures and fittings, tools and other equipment	142	155
Other assets	1,706	1,653
Assets under development and advances	3	351
TOTAL	**1,918**	**2,201**

The value of fixtures and fittings, tools and other equipment includes all the Group-owned operating assets used in the production of data processing services.

The figure for other assets includes the following:

- vehicles;
- passenger cars;
- ordinary office furniture and machines;
- electronic office machines;
- leasehold improvements.

The increase in other assets during the period mainly refers to the improvements relating to the renovation of the new head office located in Milan, Piazza Affari 2, by Be Consulting and to the purchase of electronic equipment by Be Solutions, in addition to a car by Be Consulting. The decreases refer to the disposal of obsolete assets during the year as well as to the disposal of assets following the sale of the business divisions to "CNI S.p.A.".

Fixed assets under development recorded an increase of Euro 348 thousand and mainly regard work relating to the new head office in Piazza Affari 2, which was not completed at 31 December 2018.

Note 2.

Goodwill

Goodwill stood at Euro 61,555 thousand at 31 December 2018. The cash generating units (CGUs) were identified for impairment testing purposes based on the Group's reorganisation defined during 2018 and consistent with the former IFRS 8 reporting structure described in the paragraph 2.14 "Segment reporting".

The breakdown is as follows:

Goodwill

	Balance at 31.12.2017	Increases	Decreases	Exchange gains/losses	Balance at 31.12.2018
Cash generating unit (CGU)					
Business Consulting	30,911	1,269	0	(42)	32,138
ICT Solutions	28,811	894	(288)	0	29,417
Total	**59,722**	**2,163**	**(288)**	**(42)**	**61,555**

The recoverable amount of the CGU is determined on the basis of the value in use obtained by discounting the expected cash flows generated by the management of the assets set in place by the Group's business units. The cash flow forecast, the trend of interest rates and the main monetary variables are determined on the basis of the best information available at the time of the estimation and based on the 2019-2021 Plan containing forecasts of revenue, investment and operating costs. On the basis of the results of impairment testing conducted by extrapolating 2019-2021 economic and financial forecasts - referred to below - the Directors therefore confirmed the sustainability of the book value of goodwill recognised at 31 December 2018.

The increase in goodwill of Euro 2,163 thousand consists of Euro 1,269 thousand for the acquisition of 100% of Q-Fin GmbH in 2018, through subsidiary Fimas GmbH, and Euro 894 thousand relating to the acquisition of 51% of Juniper Extensible Solutions S.r.l., through subsidiary Be Solutions S.p.A.

The decrease relates to the share of goodwill attributed to the business divisions sold to "CNI S.p.A.".

Impairment testing

The company conducted annual impairment testing on the goodwill recognised in the consolidated financial statements in accordance with the provisions of IAS 36, Impairment of assets. The goodwill shown above was recognised at 31 December 2018, after impairment testing, for an amount of Euro 61,555 thousand. In 2018, based on the results of the impairment testing of the CGUs and of the relative sensitivity analyses conducted with the assistance of an external consultant, the Directors decided that the above amounts recognised could be recovered. The aim of the impairment test was to establish the "value in use" of the CGUs that represent the Group's activities, by discounting cash flows ("DCF Analysis") extrapolated from the 2019-2021 Plan. For the purpose of goodwill impairment testing, IAS 36 establishes that the recoverable amount of the CGUs to which the goodwill is allocated must be compared with the net book value of the Net Invested Capital. The recoverable amount may be estimated by referring to two value categories: the greater between value in use and fair value less selling costs. In the absence of a fair value, the Group estimated the recoverable amount on the basis of the value in use. This criterion entails calculating the recoverable amount of the CGU by discounting cash flows at an adequate discounting rate.

Given the above, the test conducted, is based on the following criteria:

- the value in use of each CGU is the sum of the following two elements: (a) the present value of the "available" operating cash flows (net of the central costs recharged to the different CGUs and of the investment required for their achievement) expected for the analytical forecasting period, which covers financial years from 2019 and 2021; (b) the present amount of the Terminal Value (TV) calculated by capitalising the cash flows expected for normal operations after the analytical forecasting period;
- the rate used to discount the flows estimated for each CGU corresponds to the Weighted Average Cost of Capital ("WACC"). More specifically, to calculate the WACC, the cost of the share capital attributed to the individual CGUs was determined on the basis of the CAPM model, by applying the following parameters: (a) risk-free rate, i.e. the long-term rate of return offered by risk-free liquid investments (10-year Italian BTP); (b) market risk premium, which indicates the higher remuneration requested for investments in risk capital; (c) Beta coefficient, which expresses the level of risk of an investment in a specific share with respect to the risk observed in the reference stock market; (d) small size premium, a premium for the additional risk related to the size of a company with respect to comparable companies used to determine the Beta and the financial structure of the segment; (e) a further premium considered to take into account the risk associated with the plan's forecasts. The debt to equity ratio (debt/debt + equity) applied in the calculation of the WACC is the ratio for the industry and was determined from a sample of comparable companies;
- the cash flow for normal operations was discounted at the same rate used to discount the flows in the period of the plan and assuming a long-term growth rate "g" of 1% (Gordon Model) in line with the expected inflation rate;
- the flows that show different risk profiles were estimated separately (e.g. Be Ukraine), taking into account the specific contractual forecasts related to the same; similarly, the rate used to discount these flows was also estimated separately;
- given the uncertainty of recording the amount of revenue estimated, to determine the value in use, a discounting rate increased by a probable margin of error in the estimate of the expected cash flows was used; the after-tax discounting rate was therefore 9.71% for the Solutions CGU and 9.71% for the Consulting CGU. With regard to the latter CGU, note that the value in use was calculated also taking into account the flows generated by the subsidiary company Be Ukraine, which reflects the higher country risk.
- lastly, the results of the test underwent a sensitivity analysis. More specifically, within limits considered reasonable, the discounting rate and the expected flows were changed.

In the light of the analyses conducted, the recoverable amount of the CGU to which the goodwill was attributed was higher than the corresponding book value at 31 December 2018. The Directors report that the recoverable amount of goodwill is sensitive to variances with respect to the basic assumptions used to prepare the economic and financial forecasts for 2019-2021, such as the revenue and profit margin expected to be recorded.

Key assumptions used to calculate value in use

The calculation of the value in use of the CGUs was made on the basis of the main assumptions illustrated below, of the 2019-2021 Plan, reworked to remain consistent with the scope requested by the Test of M&A and Start-Up transactions, and considered reasonable by the Directors:

- moderate uptrend of volumes and profit margins in the Business Consulting segment both on the domestic market and abroad (in particular in the German and Austrian markets) in line with previous years;
- as regards the ICT Solutions segment, significant uptrend with respect to previous years both in terms of volumes and profit margins, based on the expected improvement resulting from the reorganisation and the refocusing of the range of services made in 2017 and 2018.

Sensitivity and changes in assumptions

Due to the uncertainty relating to the occurrence of any future event, both in terms of whether said event will actually occur and in terms of the extent and timing of the same, the value in use of goodwill is particularly sensitive to any changes in the assumptions underlying the impairment test. Given that, the main drivers used to prepare the 2019-2021 Plan and the impairment test, which could lead to a reduction in the value in use if they change, are listed below:

- achieving forecast revenue: achieving revenue targets, beyond the actions envisaged by management, is also related to market demand, to the renewal and/or award of tenders envisaged and to the successful development of other activities envisaged or in progress;
- achieving the normalised level of profitability and maintaining said level of profitability beyond the period of the 2019-2021 Plan; note that a significant portion of the value in use of goodwill is related to this assumption;
- discount rates: the discount rate was calculated on the basis of external market parameters and therefore the fact that the current macroeconomic crisis could worsen, or that there may be a slowdown of the expected recovery also have to be taken into account as they could have a significant influence on the same, resulting in a change to those used in this analysis.

  For the sake of completeness, note that:

- the surplus value in use of the CGUs with respect to the corresponding book value, including the relative goodwill, will become zero due to the systematic reductions of EBIT envisaged by the plan of:
  - 88.23% with regard to the “Business Consulting” CGU;
  - 47.92% with regard to the “ICT Solutions” CGU.
- the after-tax discount rates that render the book value of the CGUs equal to their value in use are respectively:
  - 57.70% with regard to the “Business Consulting” CGU;
  - 17.22% with regard to the “ICT Solutions” CGU.

Note 3.

Intangible assets

At 31 December 2018, intangible assets recorded a balance of Euro 16,446 thousand, net of cumulative amortisation, compared to Euro 17,082 thousand at 31 December 2017.

The changes during the reporting period, changes in accumulated amortisation and the historic cost are provided below, with amounts expressed in thousands of Euro.

Change in historical cost

	Historical cost at 31.12.2017	Increases	Decreases	Reclassifications	Business Combinations	Exchange gains/losses	Historical cost at 31.12.2018
Research and development costs	764	0	0	310	0	0	1,074
Concessions, licences and trademarks	1,631	77	0	0	4	0	1,712
Assets under development and advances	4,221	2,737	(78)	(3,859)	11	(1)	3,031
Other (including proprietary SW)	38,258	1,305	(285)	3,549	156	32	43,015
TOTAL	**44,874**	**4,119**	**(363)**	**0**	**171**	**31**	**48,832**

Change in accumulated amortisation

	Accumulated amortisation at 31.12.2017	Amortisation	Decreases	Reclassifications	Business Combinations	Exchange gains/losses	Accumulated amortisation at 31.12.2018
Research and development costs	633	171	0	0	0	0	804
Concessions, licences and trademarks	1,594	32	0	0	0	0	1,626
Other (including proprietary SW)	25,566	4,365	(8)	0	4	29	29,956
TOTAL	**27,793**	**4,568**	**(8)**	**0**	**4**	**29**	**32,386**

Net book value

	Net value 2017	Net value 2018
Research and development costs	131	270
Concessions, licences and trademarks	37	86
Assets under development and advances	4,221	3,031
Other (including proprietary SW)	12,692	13,059
TOTAL	**17,082**	**16,446**

At 31 December 2018, the increases in assets under development mainly refer to the development of the following ICT platforms: "Universo Sirius" relating to the management of Life and Non-Life

insurance portfolios, "Archivia" for the management of document processes, the development of an internal corporate ICT system by Be Solutions totalling Euro 2,526 thousand, to digital applications by Iquii of Euro 313 thousand, Juniper and Paystrat of Euro 30 thousand and 51 thousand respectively, IT Tools of Be Consulting of Euro 198 thousand, as well as the platforms owned by Be Think, Solve Execute GmbH, specialised in various areas of the banking industry, totalling Euro 506 thousand.

The residual values of individual intangible assets are considered justified on the basis of their estimated useful lives and profitability.

Note 4.

Equity investments in associates measured at equity

Equity investments in associates measured at equity amounted to zero, compared to Euro 32 thousand at 31 December 2017. This amount referred to the equity investment of 50% held by Fimas GmbH in Confinity GmbH. In May, the Be Group acquired 100% of Q-fin GmbH through subsidiary Fimas GmbH. Following the above transaction, the entire share capital of Confinity GmbH is held by Group companies; consequently, Confinity GmbH was also consolidated on a line-by-line basis rather than through the equity method previously used at 31 December 2017.

Equity investments in associates measured at equity

	Balance at 31.12.2018	Balance at 31.12.2017
Equity investments in associates measured at equity	0	32
TOTAL	**0**	**32**

Note 5.

Equity investments in other companies

Equity investments in other companies mainly refer to:

- the investment of Euro 300 thousand, held via Be Solutions, in Talent Garden S.p.A., an Italian start-up, which operates in the sector of co-working and spaces for innovation, corresponding to 1.67% of share capital;
- the investment of approximately Euro 27 thousand, held via Juniper Extensible Solutions S.r.l., in Engagigo S.r.l., Italian company operating in the social media and digital market place sector, in the sports, outdoor and fitness area, corresponding to 6% of share capital.

Equity investments in other companies

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Equity investments in other companies	329	28	300
TOTAL	**329**	**28**	**300**

Note 6.

Loans and other non-current assets

Loans and other non-current assets refer to guarantee deposits paid for Euro 226 thousand and advances paid to employees in past years to be recovered on termination of their employment contracts for Euro 56 thousand.

Other non-current assets of Euro 2,085 thousand mainly refers to:

- Euro 931 thousand for the portion of the residual discounted price that may be collected beyond 2019, accrued against the sale of the Be Solutions business divisions sold to CNI S.p.A.;
- Euro 235 thousand for a receivable of Be Solutions due from the town council of Lerarca Friddi, for which a 10-year repayment plan has been established;
- Euro 556 thousand for a receivable of the Parent Company due from a customer and not yet paid on the reporting date, a balancing entry to which is recognised under other non-current liabilities as a payable for the same amount in relation to penalties demanded by the same customer and challenged by the Group;
- Euro 348 thousand for a receivable of Be Tse GmbH due from Blu IT for employee termination indemnities to be paid to employees transferred by the same.

Other assets and receivables

	Balance at 31.12.2018	Balance at 31.12.2017
Guarantee deposits	226	352
Receivables from employees due beyond 12 months	56	70
Receivables from social security and welfare organisations	103	59
Other non-current receivables	2,085	1,310
Non-current prepaid expenses	37	426
TOTAL	**2,507**	**2,217**

Note 7.

Deferred tax assets

The deferred tax assets in the financial statements refer mainly to the Parent Company and the subsidiary Be Solutions and are recognised based on the reasonable assumption that they will be recoverable, in accordance with future taxable income forecast in the three-year plan. They are calculated on the basis of prior year losses considered recoverable and on the temporary tax differences on taxable provisions for risks and differences between the book value and value for tax purposes on goodwill recognised.

Deferred tax assets are calculated using the tax rates in force from 1 January 2017 (IRES 24% and IRAP 3.9%-4.26%).

Please refer to the Notes to the financial statements of the Parent Company and of the subsidiary Be Solutions and to Note 35 herein for further details.

Deferred tax assets

	Balance at 31.12.2017	Allocation	Utilisation	Other changes	Balance at 31.12.2018
Deferred tax assets	4,724	1,436	(2,141)	71	4,090
TOTAL	**4,724**	**1,436**	**(2,141)**	**71**	**4,090**

Note 8.
Inventories

Inventories refer mainly to the inventories of consumables of Be Solutions for Euro 4 thousand and R&L AG for Euro 3 thousand.

Inventories

	Balance at 31.12.2018	Balance at 31.12.2017
Inventories	7	15
TOTAL	**7**	**15**

Note 9.
Trade receivables

Trade receivables arise from goods and services produced and provided by the Group but not yet collected at 31 December 2018.

Trade receivables

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Receivables due from customers	28,872	304	26,969
Bad debt provision for receivables due from customers	(1,083)	0	(1,729)
TOTAL	**27,789**	**304**	**25,240**

The amount allocated in the financial statements is considered fair coverage of the credit risk; the utilisation of the bad debt provision refers to the write-off of old receivables deemed uncollectible.

This provision, which amounts to Euro 1,083, includes Euro 78 thousand for the impact of the application of IFRS 9.

Bad debt provision

	Balance at 31.12.2018	Balance at 31.12.2017
Opening balance	1,729	2,115
Allocations	367	464
Utilisation	(1,013)	(850)
TOTAL	**1,083**	**1,729**

The breakdown of receivables is shown below, by due date, net of invoices/credit notes to be issued for Euro 11,862 thousand and before the bad debt provision of Euro 1,083 thousand.

The amount outstanding for over 180 days mostly regards receivables due from the Italian Public Administration for which the appropriate credit collection measures have been taken.

	Due	0-30 days	31-60 days	61-90 days	91-180 days	Over 180 days	Total
Receivables due from customers	11,491	1,305	1,094	286	326	2,508	17,010
Bad debt provision	(57)	(11)	(4)	(1)	(2)	(1,008)	(1,083)
TOTAL	**11,434**	**1,294**	**1,090**	**285**	**324**	**1,500**	**15,927**

Note 10.

Other assets and receivables

Other assets and receivables at 31 December 2018 amount to Euro 3,301 thousand and break down as follows:

Other assets and receivables

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Advances to suppliers for services	103	3	92
Receivables due from social security organisations	535	0	168
Receivables due from employees	200	0	906
VAT credits and other indirect taxes	797	25	706
Accrued income and prepaid expenses	843	17	641
Other receivables	823	36	265
TOTAL	**3,301**	**81**	**2,778**

Advances to suppliers refer to payments on account mainly to suppliers of services provided to Group companies.

Receivables due from social security organisations amounting to Euro 535 thousand mainly refer to the receivable due to Be Solutions relating to the recovery of costs for welfare support systems previously held by the former Be Eps S.p.A..

Accrued income and prepaid expenses amount to Euro 843 thousand and include the portions of costs incurred during the period but due in the next period, relating to support and maintenance fees, rents, insurance premiums and lease instalments.

Note 11.

Direct tax receivables

Tax receivables for direct taxes primarily include amounts due from Italian Tax Authorities for IRAP and IRES, as well as other tax receivables due to iBe Ltd.

Direct tax receivables

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Tax receivables	147	0	345
Other tax receivables	244	1	222
TOTAL	**391**	**1**	**567**

Note 12.

Financial receivables and other current financial assets

Financial receivables amounting to Euro 511 thousand mainly refer to receivables due from factoring companies on assignments made up to 31 December 2018, but settled after that date.

Financial receivables and other current financial assets

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Financial receivables and other current financial assets	511	136	591
TOTAL	**511**	**136**	**591**

Note 13.

Cash and cash equivalents

The balance represents cash held in current accounts at banks and post offices, and to a residual extent to cash on hand at 31 December 2018.

Note that the Be Group has adopted an automatic daily cash pooling system with the banks in order to optimise financial resources at Group level.

Cash and cash equivalents

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Bank and postal deposits	36,000	460	22,754
Cash at bank and in hand	10		13
TOTAL	**36,010**	**460**	**22,767**

Note 14.

Shareholders’ Equity

At 31 December 2018, the Parent Company’s fully paid-up share capital totalled Euro 27,109 thousand, divided into 134,897,272 ordinary shares.

On 26 April 2018, the Shareholders’ Meeting approved the Financial Statements at 31 December 2017 of Be S.p.A., resolving to allocate Euro 64,977.71 of the Euro 1,299,554.13 profit for the year to the Legal Reserve and the remainder of Euro 1,234,576.42 to Profit carried forward, and to distribute a gross dividend totalling Euro 2,697,945.44, amounting to Euro 0.020 per share, drawing on the Profit carried forward for Euro 1,234,576.42 and the Extraordinary reserve for the remaining 1,463,369.02.

The payment date of the dividend was 23 May 2018 - coupon no. 8 date of 21 May 2018 and record date of 22 May 2018.

Consolidated equity reserves at 31 December 2018 amount to Euro 20,463 thousand and include the following:

- Share Premium Reserve of the Parent Company for Euro 15,168 thousand;
- Legal Reserve of the Parent Company for Euro 454 thousand;
- Treasury Shares Reserve of the Parent Company for negative Euro 2,366 thousand;
- Other Reserves of the Parent Company for Euro 1,007 thousand;
- IAS Reserves (FTA and IAS 19R) for Euro 4 thousand;
- Other Consolidation Reserves for Euro 6,196 thousand.

Stock option plans

The company has no stock option plans.

Treasury shares

Note that on 26 April 2018, an ordinary and extraordinary session of the Shareholders’ Meeting of Be, was held, on second call, resolving, among other things, to approve, on the proposal of the Board of Directors, the plan to purchase and sell the Company’s ordinary shares, in one or more than one tranche, on a rotational basis, up to the maximum number permitted by law (at present represented by a number of shares not exceeding 20% of share capital), to be determined also in accordance with the legal and regulatory provisions in force at the time and the share capital in hand at the time of each purchase.

The duration of the purchase plan has been set as 18 months from the date of approval of the Shareholders’ Meeting.

With regard to the purchase and disposal of own shares, at 31 December 2018, two phases of the own shares purchase plan whose launch were disclosed to the market on 24 May 2018.

Overall, during the period between 25 May 2018 and 31 December 2018, the Company purchased 2,697,975 of its ordinary shares for a total of Euro 2,365,955.

Minority interests

Minority interests amount to Euro 1,723 thousand, compared to Euro 799 thousand at 31 December 2017.

Disclosure on the Group's Minority shareholders (Non-Controlling Interests)

The following paragraphs contain financial information on companies not fully controlled by the Group, as required by the new standard IFRS 12.

The following amounts are shown prior to consolidation adjustments (amounts in Euro/thousand):

Company	% minority interest	Local currency	Total assets	TOTAL SHAREHOLDERS' EQUITY	Net Revenue	Net profit (loss) for the year	Total dividends distributed
Be TSE Gmbh	10.00%	EUR	10,160	5,097	19,473	323	0
R&L AG	41.16%	EUR	4,206	2,708	5,481	787	0
Fimas GmbH	40.00%	EUR	2,910	1,605	6,626	612	0
Be Sport, Media & Entertainment Ltd	25.00%	GBP	138	(559)	0	(47)	0
Payments and Business Advisors S.l. (Paystrat)	40.00%	EUR	424	(153)	441	(291)	0
Paystrat Solutions SL (Pyngo)	34.74%	EUR	19	19	0	(7)	0
Juniper S.r.l.	49.00%	EUR	1,118	247	1,157	237	0
Iquii S.r.l.	49.00%	EUR	1,811	756	2,252	308	0

Net Financial Indebtedness

The net financial indebtedness at 31 December 2018 was Euro +924 thousand compared to net financial indebtedness of Euro -5,517 thousand at 31 December 2017; the breakdown is shown below.

Net Financial Indebtedness

	Amounts in EUR thousands	31.12.2018	31.12.2017	Δ	Δ (%)
	Cash and cash equivalents at bank	36,010	22,767	13,243	58.2%
A	**Cash and cash equivalents**	**36,010**	**22,767**	**13,243**	**58.2%**
B	**Current financial receivables**	**511**	**591**	**(80)**	**(13.5%)**
	Current bank payables	(9,644)	(3,789)	(5,855)	n.a.
	Current share of medium/long-term indebtedness	(9,980)	(12,968)	2,988	(23.0%)
	Other current financial payables	(490)	(43)	(447)	n.a.
C	**Current financial indebtedness**	**(20,114)**	**(16,800)**	**(3,314)**	**19.7%**
D	**Current Net Financial Position (A+B+C)**	**16,407**	**6,558**	**9,849**	**n.a.**
	Non-current bank payables	(15,418)	(12,021)	(3,397)	28.2%
	Other non-current financial payables	(65)	(54)	(11)	20.4%
E	**Non-current Net Financial Position**	**(15,483)**	**(12,075)**	**(3,408)**	**28.2%**
F	**Net financial position (D+E)**	**924**	**(5,517)**	**6,441**	**n.a.**

For comments on individual items, please refer to the content of Notes 12 and 13 above and Notes 15 and 16 below.

The effects of the amendments to international accounting standard IAS 7 made by the publication of the document "Disclosure Initiative (Amendments to IAS 7)".

(Amounts in EUR thousands)	31.12.2017	Cash Flow[1]	Non-monetary flows				31.12.2018
			Change Scope of consolidation[2]	**Exchange rate differences**	**Change in Fair Value**	**Other Changes**	
Non-current financial indebtedness	(12,075)	(3,397)	(11)	0	0	0	(15,483)
Current financial indebtedness	(16,800)	(3,048)	(223)	0	0	(43)	(20,114)
Current financial receivables	591	(216)	136	0	0	0	511
Net liabilities resulting from financing activities	**(28,284)**	**(6,661)**	**(98)**	**0**	**0**	**(43)**	**(35,086)**
Cash and cash equivalents	22,767	12,783	460				36,010
Net financial indebtedness	**(5,517)**	**6,122**	**362**	**0**	**0**	**(43)**	**924**

[1] Flows shown in the Statement of Cash Flows.
[2] For acquisition/disposal transactions, please refer to paragraph 2.13 "Business combinations in the reporting period".

Note 15.

Financial payables and other non-current financial liabilities

Non-current financial payables of Euro 15,483 thousand refer mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months.

Financial payables and other non-current financial liabilities

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Non-current financial payables	15,483	11	12,075
TOTAL	**15,483**	**11**	**12,075**

The medium and long term loans outstanding at 31 December 2018 and relative maturities were as follows:

M/L term loans	Balance at 31.12.2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4 years
Loans maturing in 2019	**1,129**	1,129	0	0	0	0
Loans maturing in 2020	**5,259**	3,292	1,967	0	0	0
Loans maturing in 2021	**8,961**	3,360	3,386	2,215	0	0
Loans maturing in 2022	**0**	0	0	0	0	0
Loans maturing in 2023	**10,000**	2,199	2,212	2,225	2,239	1,126
TOTAL LOANS	**25,350**	**9,980**	**7,565**	**4,440**	**2,239**	**1,126**

During 2018, Be S.p.A. entered into new medium-long term loans totalling Euro 14,000 thousand, while the repayments made during the year on medium-long term loans amounted to Euro 8,756 thousand, while repayments of Be Consulting totalled Euro 4,879 thousand, namely the entire amount of the medium and long-term debt outstanding at 31 December 2017.

Long-term financial payables include the negative impact of the joint application of the amortising cost and of the fair value of the IRS contracts to hedge the risk of an increase of the interest rate on a variable interest rate loan granted in 2015 and on a second variable interest rate loan granted in 2018, for a total of Euro 49 thousand.

As regards 2018, the covenants on several loans were respected. Note that the fair value of the above loans is essentially in line with their book value.

The lending terms represent terms negotiated at different times and which mirror the loan duration, any guarantees given, market conditions and the Group's credit rating at the date of signing.

Note 16.

Financial payables and other current financial liabilities

Financial payables and other current financial liabilities

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Non-current financial payables	20,114	223	16,800
TOTAL	**20,114**	**223**	**16,800**

Current payables to banks at 31 December 2018 totalled around Euro 20,114 thousand and relate mainly to:

- current bank payables for Euro 9,644 thousand;
- Euro 9,980 thousand as the short-term portion of the medium-long term loans obtained, as per the previous table.
- short-term financial payables of Euro 490 thousand.

Note 17.

Post-employment benefits (TFR)

Post-employment benefits are recognised in compliance with IAS 19 as "Defined benefit plans" and were determined on the basis of an expert actuarial calculation in line with the provisions of international accounting standards.

Changes in Post-employment benefits (TFR) regard allocations to provisions made during the year by Group companies, to the portions of TFR paid following the resignation of some employees as well as advances and the adjustment of the Provision in accordance with IAS/IFRS standards.

Post-employment benefits (TFR)

	Balance at 31.12.2017	Of which business combinations	Increases - Allocation	Decreases - Utilisation	Balance at 31.12.2018
Post-employment benefits (TFR) provision	**6,858**	68	1,124	(1,475)	**6,575**
TOTAL	**6,858**	**68**	**1,124**	**(1,475)**	**6,575**

The actuarial assumptions used for the purposes of the adjustment of the post-employment benefit provision according to IAS/IFRS standards are illustrated below.

Main Actuarial Assumptions

Annual discount rate	1.57%
Annual inflation rate	1.50%
Annual rate increase in post-employment benefits	2.63%
Annual increase in remuneration	1.00%
Frequency of benefit advances/no. of years' service	2.00%
No. of years' service/annual turnover rate: up to 10 years	4.00%
No. of years' service/annual turnover rate: from 10 to 30 years	4.00%
No. of years' service/annual turnover rate: over 30 years	6.00%

The additional information required by IAS 19, as amended*, is shown below:

- sensitivity analysis:

changes in assumptions

Company	*TFR*	*turnover rate*		*inflation rate*		*discounting rate*	
		+1%	*-1%*	*+ 1/4 %*	*- 1/4 %*	*+ 1/4 %*	*- 1/4 %*
Be S.p.A.	168	168	169	171	166	165	172
Be Consulting S.p.A.	2,527	2,493	2,568	2,598	2,460	2,444	2,616
IQUII S.r.l.	119	117	120	122	115	115	123
Be Solutions S.p.A.	2,264	2,257	2,270	2,291	2,236	2,220	2,308
Juniper Extensible Solutions S.r.l	94	93	95	96	92	91	97

* The sensitivity analysis only refers to the Group's Italian companies, as not relevant or applicable to Foreign companies.

indication of the contribution to the next year* and the average financial duration of the obligation for defined benefit plans:

Company	**Service Cost**	**Duration of the plan**
Be S.p.A.	0	9.5
Be Consulting S.p.A.	766	21.8
IQUII S.r.l.	62	21.7
Be Solutions S.p.A.	0	8.4
Juniper Extensible Solutions S.r.l	21	17.7

*The service cost is zero, in application of the approach adopted by the Company with an average of at least 50 employees over the course of 2006.

- The average number of employees in 2018, broken down by category, is illustrated in the following table:

Description	**Average number current year**	**Average number previous year**
Executives	132	105
Middle managers	133	118
White-collar staff	896	865
Blue collar	2	2
Apprentices	22	19
TOTAL	**1,185**	**1,109**

Note 18.

Deferred tax liabilities

The deferred tax liabilities and related changes during the period are mainly attributable to temporary differences between the book value and the value recognised for tax purposes to goodwill and post-employment benefits.

Specifically, with regard to goodwill, the difference arises - in application of IAS/IFRS - because these assets are not amortised whereas they are tax deductible to the extent of 1/18 per year.

Deferred tax liabilities are calculated using the tax rates in force on 1 January 2018 (IRES 24% and IRAP 3.9%-4.82%).

Deferred tax liabilities

	Balance at 31.12.2017	Increases	Decreases	Other changes	Business combinations	Balance at 31.12.2018
Deferred tax liabilities	6,223	466	(200)	225	0	6,714
TOTAL	**6,223**	**466**	**(200)**	**225**	**0**	**6,714**

Note 19.

Other non-current liabilities

At 31 December 2018, other non-current liabilities were Euro 6,930 thousand.

Other non-current liabilities

	Balance at 31.12.2018	Balance at 31.12.2017
Other non-current liabilities	6,930	6,772
TOTAL	**6,930**	**6,772**

This item mainly refers to:

- Euro 385 thousand relating to the portion of the residual discounted price for the future acquisition of minority interests in Be TSE GmbH;
- Euro 500 thousand relating to the portion of the residual discounted price for the future acquisition of minority interests in R&L AG;
- Euro 1,266 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Iquii S.r.l.;
- Euro 1,833 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Payments and Business Advisors S.l.;
- Euro 1,568 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Fimas;
- Euro 437 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Q-fin;

- Euro 369 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Juniper;
- Euro 556 thousand refers to the payable for penalties received from Bassilichi in 2009, which the Parent Company has fully disputed;
- Euro 15 thousand relating to the long-term deferrals of Be Solutions.

Note 20.

Provision for current and non-current risks

At 31 December 2018, provisions for risks and charges refer to the following:

- provisions for pending disputes with employees for Euro 2,598 thousand, of which Euro 37 thousand relating to the Parent Company, Euro 165 thousand to Be Consulting and Euro 2,396 thousand to Be Solutions relating to the estimated charges for the closure of the Pomezia site;
- other provisions for risks and charges totalling Euro 4,897 thousand refer to provisions for bonuses/incentives to be given to personnel and include provisions for the variable emoluments of executive directors and key partners on achievement of the three-year objectives envisaged.

The table below shows the changes that occurred in the period in question:

Provision for current and non-current risks

	Balance at 31.12.2017	Increases	Decreases	Exchange gains/losses	Balance at 31.12.2018
Provision for penalties	31	0	0	0	31
Provision for personnel risks	223	2,562	(187)	0	2,598
Other provisions for risks and charges	2,021	3,665	(790)	1	4,897
TOTAL	**2,275**	**6,227**	**(977)**	**1**	**7,526**

Note 21.

Trade payables

Trade payables arise from the purchase of goods or services with payment due within 12 months. These amounts refer essentially to the services and equipment supplied and lease instalments.

Trade payables

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Trade payables	11,839	127	11,667
TOTAL	**11,839**	**127**	**11,667**

Note 22.

Tax Payables

The balance at 31 December 2018 relates to residual tax payables and to the allocation of the portion for 2018 of IRES and IRAP, in addition to the income tax of foreign companies, classified under other tax payables.

Tax payables

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
IRES tax payables	86	0	29
IRAP tax payables	246	0	22
Other tax payables	1,072	40	567
TOTAL	**1,404**	**40**	**618**

Note 23.

Other liabilities and payables

Other liabilities and payables totalled Euro 23,776 thousand at 31 December 2018, as shown below:

Other liabilities and payables

	Balance at 31.12.2018	Of which business combinations	Balance at 31.12.2017
Social security and welfare payables	2,637	18	2,375
Payables to employees	3,494	108	2,955
Payables for VAT and withholding tax	7,376	113	5,867
Accrued expenses and deferred income	2,279	28	1,249
Other payables	7,990	36	8,656
TOTAL	**23,776**	**303**	**21,102**

Social security and welfare payables amounting to Euro 2,637 thousand relate to contributions payable by the company. Payables to employees include amounts due for additional months' salaries accrued at 31 December 2018 and for leave and permitted absences accrued but not used as at the date of these financial statements. Accrued expenses and deferred income, amounting to Euro 2,279 thousand mainly refer to deferred revenue receivable on invoices collectible in the reporting period subsequent to 31 December 2018.

Other payables, totalling Euro 7,990 thousand, refer, for Euro 5,000 thousand, to the guarantee deposit received in relation to the signature of a framework agreement with a leading bank, plus advances from customers and payments on account on multi-year contracts and outstanding payables on exit incentives already established during the period and to the amount due to directors.

This item also includes Euro 282 thousand relating to the short-term portion of the residual price for the acquisition of minority interests in R&L AG, Euro 358 thousand relating to the short-term portion of the residual price for the acquisition of minority interests in Be TSE GmbH and Euro 119 thousand relating to the short-term portion of the residual price for the acquisition of minority interests in Q-fin GmbH.

4. Breakdown of the main items of the Income Statement

Note 24.

Operating revenue

Revenue accrued during the year was from activities, projects and services performed on behalf of Group customers and amounts to Euro 145,282 thousand, compared to Euro 127,721 thousand last year.

The year that has just ended, compared with the previous one, recorded an increase of Euro 17,561 thousand in revenue from sales and services; revenue originating from foreign companies amounted to Euro 58,158 thousand.

For further details on business performance, reference should be made to the "Management Report".

Operating revenue

	FY 2018	FY 2017
Operating revenue	145,282	127,721
TOTAL	**145,282**	**127,721**

Note 25.

Other revenue and income

The Group's Other revenue and income totalled Euro 4,941 thousand at 31 December 2018, compared to Euro 2,026 thousand at 31 December 2017. This item includes the gain of Euro 2.6 million made on the sale of the BPO/DMO business divisions of the subsidiary Be Solution S.p.A. as well as contingent assets, the recovery of costs advanced to customers, insurance reimbursements, invoicing to employees for the use of company cars and other income of a residual nature.

Other revenue and income

	FY 2018	FY 2017
Other revenue and income	4,941	2,026
TOTAL	**4,941**	**2,026**

Note 26.

Cost of raw materials and consumables

This item includes the costs incurred and related changes for the purchase of consumables such as stationery, paper, toner, etc., and to goods purchased for resale as part of the services provided to customers.

Cost of raw materials and consumables

	FY 2018	FY 2017
Change in inventories of raw materials and consumables	8	24
Purchase of raw materials and consumables	212	229
TOTAL	**220**	**253**

Note 27.

Service costs

Service costs include all costs incurred for services received from professionals and businesses, as well as the fees of the directors.

Service costs

	FY 2018	FY 2017
Service costs	57,154	50,950
TOTAL	**57,154**	**50,950**

Service costs break down as follows:

Service costs

	FY 2018	FY 2017
Transport	108	74
Outsourced and consulting services	36,332	32,559
Remuneration of directors and statutory auditors	2,906	2,779
Marketing costs	4,223	3,239
Cleaning, surveillance and other general services	1,107	864
Maintenance and support services	273	308
Utilities and telephone charges	1,337	1,329
Consulting - administrative services	3,428	2,703
Other services (chargebacks, commissions, etc.)	1,972	2,080
Bank and factoring charges	583	588
Insurance	310	231
Rental and leasing	4,575	4,196
TOTAL	**57,154**	**50,950**

Note that outsourced and consulting services include the costs of services received from technical and ICT professionals used by the Group to provide its own services to customers.

Rental and leasing regards the costs incurred by the Group for the use of registered securities and properties it does not own, based on signed lease and rental agreements.

Note 28.

Personnel costs

The figure shown represents the total personnel-related cost incurred by the Group in 2018.

Wages and salaries include amounts due to employees for additional months' salaries accrued and for leave and permitted absences accrued but not used, as well as rewards and bonuses paid during the year.

Social security contributions include all pay-related contributions envisaged by law; Post-employment benefits relate to the provision accrued during the year (in this regard see also note 17 “Post-employment benefits (TFR)”), while Other personnel costs include personnel-related costs such as membership fees paid on behalf of employees, indemnities and compensation, fringe benefits disbursed by the company in various forms to certain employee categories and luncheon vouchers.

Personnel costs

	FY 2018	**FY 2017**
Wages and salaries	53,569	46,539
Social security contributions	13,304	11,252
Post-employment benefits	2,805	2,661
Other personnel costs	1,464	2,857
TOTAL	**71,142**	**63,309**

The number of employees at 31 December 2018, broken down by category, is illustrated in the following table:

Description	**No. in current period**
Executives	135
Middle managers	140
White-collar staff	867
Blue collar	0
Apprentices	25
Total	**1,167**

Note 29.

Other operating costs

This item includes all costs of a residual nature, other than those recognised under items that have already been commented upon. Specifically, the item includes contingent liabilities for Euro 906 thousand mainly referring to undeclared contingent assets relating to the current year and other operating costs for Euro 537 thousand referring to membership fees, fines, penalties on services provided and indirect taxes for Euro 409 thousand.

Other operating costs

	FY 2018	FY 2017
Other operating costs	1,852	1,500
TOTAL	**1,852**	**1,500**

Note 30.

Cost of internal work capitalised

Capitalised costs refer to the suspension of costs relating mainly to personnel involved in the development of proprietary software platforms, described in more detail in note 3.

Cost of internal work capitalised

	FY 2018	FY 2017
Cost of internal work capitalised	3,709	3,427
TOTAL	**3,709**	**3,427**

Note 31.

Amortisation, depreciation and write-downs

Amortisation and depreciation are calculated according to the deterioration of assets and recognised to a specific provision, reducing the value of the individual assets.

Amortisation, depreciation and write-downs

	FY 2018	FY 2017
Depreciation of property, plant and equipment	765	620
Amortisation of intangible assets	4,568	5,609
TOTAL	**5,333**	**6,229**

Note 32.

Impairment loss on Non-current Assets

The Impairment loss on Non-current Assets regarded Be Solutions and Ibe Ltd relating to intangible fixed assets whose net book value was fully written down by 364 thousand in 2018.

Impairment loss on Non-current Assets

	FY 2018	FY 2017
Impairment loss on Non-current Assets	364	0
TOTAL	**364**	**0**

Note 33.

Allocations to provisions

Allocations to provisions for risks mainly concern the Be Solutions and Be Consulting for disputes with employees, customers and suppliers, as well as the Parent Company for the possible emolument to be paid to Directors and Key Partners. A more complete description can be found in notes 9 and 20, and paragraph 5.1.

Allocations to provisions

	FY 2018	FY 2017
Allocation to Provision for personnel risks and penalties	2,562	100
Allocation to Other provisions for future risks and charges	3,665	1,324
Allocation to bad debt provision	367	464
TOTAL	**6,594**	**1,888**

Note 34.

Financial income and expense

Financial management income and expense

	FY 2018	FY 2017
Financial income	62	61
Financial expense	(1,241)	(1,289)
Revaluation (Write-down) of financial assets	0	(3)
Gains (Losses) on foreign currency transactions	(20)	(69)
TOTAL	**1,199**	**(1,300)**

Financial income is represented by bank interest income mainly accrued by foreign companies. The financial expense includes bank interest expense for advances on invoices and current account overdrafts, factoring transactions and interest expense due on outstanding loans, in addition to the financial component of post-employment benefits measured according to IAS/IFRS.

Breakdown of financial interest and expense

	FY 2018	FY 2017
Interest expense on current bank accounts	53	22
Interest expense on factoring and advances on invoices	352	500
Interest expense on loans	315	355
Other financial expense	521	412
TOTAL	**1,241**	**1,289**

Note 35.

Current income taxes, deferred tax assets and liabilities

Current taxes relating to the year include Euro 757 thousand for IRAP tax and IRES tax plus the income tax for foreign affiliates for a total of Euro 1,957 thousand.

Note that the Parent Company and Italian subsidiaries have jointly adopted the national tax consolidation regime pursuant to Article 117 et seq. of the Consolidated Income Tax Act (TUIR).

Current income taxes, deferred tax assets and liabilities

	FY 2018	FY 2017
Current taxes	2,714	1,832
Deferred tax assets and liabilities	957	738
TOTAL	**3,671**	**2,570**

The table below illustrates the reconciliation of the theoretical tax burden resulting from the consolidated financial statements and the theoretical tax burden.

Reconciliation of theoretical tax burden resulting from the financial statements and theoretical (IRES) tax burden

Description	Amount	Taxes
Profit (loss) before tax	9,151	
Consolidation adjustments	4,519	
Aggregated profit (loss) before tax	**13,670**	
iBe UK	2,591	
Be Ukraine	(330)	
Be Poland	(524)	
Sub Be De	(2,731)	
Be SME Ltd	53	
Romania	(72)	
Loc Ltd	16	
Paystrat	291	
Pyngo	7	
Total	**12,971**	
Theoretical tax burden (%)	**24.00%**	**3,113**
Temporary differences taxable in future years:		
unrealised exchange rate gains during the year	(11)	
Amortisation of goodwill	(1,371)	
Temporary differences taxable in future years:	**(1,381)**	**(332)**
Temporary differences deductible in future years:		
Remuneration of directors not paid at 31 December 2018	104	
Non-deductible allocations	6,303	
Other temporary differences deductible in future years:	711	
Temporary differences deductible in future years:	**7,118**	**1,708**
Reversal of temporary differences from previous years:		
Services not completed at 31.12.2017	(708)	
Utilisation of provisions	(630)	
Goodwill	(57)	
other temporary differences deductible in future years:	21	
Reversal of temporary differences from previous years:	**(1,374)**	**(330)**
Differences that will not be reversed in future years:		0
Wholly or partially non-deductible costs	4,064	
Permanent decreases	(9,124)	
Deductible interest expense	(24)	
ACE	(25)	
Use of previous tax losses	(9,493)	
Differences that will not be reversed in future years:	**(14,601)**	**(3,504)**
- Taxable income	**2,732**	
Current IRES on income for the year		**656**
Adjustments on previous years' taxes		**(17)**
TOTAL IRES for the year relating to Italian companies		**639**
TOTAL income taxes for the year - foreign companies		**1,318**
TOTAL TAXES		**1,957**

Reconciliation of theoretical tax burden resulting from the financial statements and theoretical (IRAP) tax burden

Description	Amount	Taxes
Operating Profit (Loss) (EBIT)	11,273	
Consolidation adjustments	(801)	
Subsidiaries without IRAP debt	6,692	
Difference between aggregated value and cost of production	**17,164**	
iBe UK	295	
Be SME Ltd	23	
Be Romania	(72)	
Be Ukraine	(299)	
Be Poland	(523)	
Sub Be De	(3,506)	
LOC Ltd	16	
Paystrat	280	
Pyngo	7	
Costs not relevant for IRAP purposes	51,019	
Deductible personnel costs	(45,413)	
Total	**18,991**	
- Theoretical tax burden (%)	**4.22%**	**801**
Increases	1,071	
Decreases	(2,114)	
	(1,043)	**(44)**
- Taxable income for IRAP purposes	**17,948**	**757**
Adjustments on previous years' taxes		**0**
TOTAL IRAP		**757**

Note 36.

Earnings per share

The basic earnings per share is calculated by dividing the profit/loss for the period pertaining to owners of the Parent Company by the average number of ordinary shares outstanding during the period. The result and disclosures on shares used to calculate the basic negative earnings per share are provided below.

Earnings per share

	FY 2018	FY 2017
Profit (loss) from continuing operations pertaining to owners of the Company	5,481	4,478
Profit (loss) from discontinued operations pertaining to owners of the Company	0	0
Profit (loss) attributable to owners of the Parent Company	5,481	4,478
Total no. shares	134,897,272	134,897,272
Number of treasury shares held	2,697,975	0
Number of ordinary shares outstanding	132,199,297	134,897,272
Basic earnings per share pertaining to owners of the Parent Company	EUR 0.04	EUR 0.03
Diluted earnings per share	EUR 0.04	EUR 0.03

5. Other disclosures

5.1. Potential liabilities and disputes pending

The Group is involved in certain legal proceedings before various judicial authorities:

More specifically, with regard to labour disputes, also on the basis of opinions expressed by its legal advisors, the Group has allocated provisions for risks totalling Euro 2,598 thousand, considered sufficient to cover liabilities that could arise from these disputes, Euro 2,396 thousand of which relates to Be Solutions to cover the estimated charges of closing the Pomezia site.

Furthermore, with regard to other commercial disputes, note that during the year long-standing disputes with the Town Council of Augusta and with KS were settled, while with regard to the Bassilichi Group (formerly Saped Servizi S.p.A.), at this stage of the proceedings, there are reasonable grounds that the arguments submitted by Be S.p.A. will be accepted.

5.2. Significant non-recurring events and transactions

In the year under analysis, the Be Group recorded non-recurring income, pursuant to Consob resolution 15519 of 27 July 2006, relating to the gain of Euro 2.6 million made on the sale of the BPO/DMO business divisions of the subsidiary Be Solution S.p.A. and non-recurring charges, again relating to Be Solutions of Euro 2.4 million for the charges estimated for the closure of the Pomezia site.

5.3. Related Party Transactions

The Company's Board of Directors adopted the "Regulations on Related Parties" on 1 March 2014, replacing the one previously approved on 12 March 2010. For further details, this document is published on the Company web site (www.be-tse.it). Note that the Be's Board of Directors has approved a new version of the procedure for transactions with the Company's related parties. The Procedure was changed in order to reflect some changes made by Consob to the Regulation for Related Party Transactions (approved on 22 March 2018) in order to align domestic legislation with that envisaged by the "Market Abuse Regulation".

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

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

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

With regard to Talent Garden S.p.A., in which the Be Solutions S.p.A. Group holds an investment of 1.67% of the share capital, note that the Chairman of the Board of Directors, Mr. Davide Dattoli was appointed a Board Director of the Parent Company Be S.p.A. by a deed dated 27 April 2017, and the economic transactions performed in the period refer to services provided to several Group companies.

In this regard, please refer to the content of the table entitled "Fees due to directors and statutory auditors of Be S.p.A." in the Separate Financial Statements of the Parent Company.

The following tables illustrate the Group's costs and revenue, payables and receivables due to/from related parties:

Receivables and payables with related parties at 31 December 2018

	Receivables			Payables		
	Trade and other receivables	Other receivables	*Financial receivables*	Trade and other payables	*Other payables*	*Financial payables*
Related Parties						
T.I.P. S.p.A.	0	0	0	15	0	0
Talent Garden	0	0	0	0	0	0
IR Top	0	0	0	9	0	0
Total Related Parties	**0**	**0**	**0**	**24**	**0**	**0**

Receivables and payables with related parties at 31 December 2017

	Receivables			Payables		
	Trade and other receivables	Other receivables	*Financial receivables*	Trade and other payables	*Other payables*	*Financial payables*
Related Parties						
T.I.P. S.p.A.	0	0	0	18	0	0
Talent Garden	0	0	0	4	0	0
IR Top	0	0	0	6	0	0
Total Related Parties	**0**	**0**	**0**	**28**	**0**	**0**

Revenue and costs with related parties in 2018

	Revenue			Costs		
	Revenue	Other revenue	*Financial income*	Services	*Other costs*	*Financial expense*
Related Parties						
T.I.P. S.p.A.	0	0	0	60	0	0
C. Achermann	0	0	0	39	0	0
Talent Garden	0	0	0	101	0	0
IR Top	0	0	0	30	0	0
Total Related Parties	**0**	**0**	**0**	**230**	**0**	**0**

Revenue and costs with related parties in 2017

	Revenue			Costs		
	Revenue	Other revenue	*Financial income*	Services	*Other costs*	*Financial expense*
Related Parties						
T.I.P. S.p.A.	0	0	0	60	13	0
C. Achermann	0	0	0	38	0	0
Talent Garden	0	0	0	20	0	0
IR Top	0	0	0	32	0	0
Total Related Parties	**0**	**0**	**0**	**150**	**13**	**0**

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, the impact of related party transactions is illustrated below in table format:

Relevance of related party transactions

STATEMENT OF FINANCIAL POSITION	31.12.2018	Absolute value	%	31.12.2017	Absolute value	%
Trade receivables	27,789	0	0%	25,240	0	0%
Other assets and receivables	3,301	0	0%	2,778	0	0%
Cash and cash equivalents	36,010	0	0%	22,767	0	0%
Financial payables and other liabilities	66,303	0	0%	56,749	0	0%
Trade payables	11,839	24	0%	11,667	28	0%
INCOME STATEMENT	**2018**	**Absolute value**	**%**	**2017**	**Absolute value**	**%**
Operating revenue	145,282	0	0%	127,721	0	0%
Service and other costs	59,006	230	0%	52,450	163	0%
Net financial expense	1,199	0	0%	1,297	0	0%

The consolidated statement of financial position and consolidated income statement indicating the related parties, in accordance with Consob Resolution no. 15519 of 27 July 2006, are provided below.

Consolidated Statement of Financial Position

(in accordance with Consob resolution no. 15519 of 27 July 2006)

Amounts in EUR thousands	31.12.2018	Of which related parties	31.12.2017	Of which related parties
NON-CURRENT ASSETS				
Property, plant and equipment	2,201	0	1,918	0
Goodwill	61,555	0	59,722	0
Intangible assets	16,446	0	17,082	0
Equity investments in associates measured at equity	0	0	32	0
Equity investments in other companies	329	0	300	0
Loans and other non-current assets	2,507	0	2,217	0
Deferred tax assets	4,090	0	4,724	0
Total non-current assets	**87,128**	**0**	**85,995**	**0**
CURRENT ASSETS				
Inventories	7	0	15	0
Trade receivables	27,789	0	25,240	0
Other assets and receivables	3,301	0	2,778	0
Direct tax receivables	391	0	567	0
Financial receivables and other current financial assets	511	0	591	0
Cash and cash equivalents	36,010	0	22,767	0
Total current assets	**68,009**	**0**	**51,958**	**0**
Total discontinued operations	**0**	**0**	**0**	**0**
TOTAL ASSETS	**155,137**	**0**	**137,953**	**0**
SHAREHOLDERS' EQUITY				
Share capital	27,109	0	27,109	0
Reserves	20,463	0	21,177	0
Net profit (loss) attributable to owners of the Parent Company	5,481	0	4,478	0
Group Shareholders' equity	**53,053**	**0**	**52,764**	**0**
Minority interests:				
Capital and reserves	801	0	102	0
Net profit (loss) attributable to minority interests	922	0	697	0
Minority interests	**1,723**	**0**	**799**	**0**
TOTAL SHAREHOLDERS' EQUITY	**54,776**	**0**	**53,563**	**0**
NON-CURRENT LIABILITIES				
Financial payables and other non-current financial liabilities	15,483	0	12,075	0
Provisions for risks	5,255	0	2,244	0
Post-employment benefits (TFR)	6,575	0	6,858	0
Deferred tax liabilities	6,714	0	6,223	0
Other non-current liabilities	6,930	0	6,772	0
Total non-current liabilities	**40,957**	**0**	**34,172**	**0**
CURRENT LIABILITIES				
Financial payables and other current financial liabilities	20,114	0	16,800	0
Trade payables	11,839	24	11,667	28
Provision for current risks	2,271	0	31	0
Tax payables	1,404	0	618	0
Other liabilities and payables	23,776	0	21,102	0
Total current liabilities	**59,404**	**24**	**50,218**	**28**
Total discontinued operations	**0**	**0**	**0**	**0**
TOTAL LIABILITIES	**100,361**	**24**	**84,390**	**28**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**155,137**	**24**	**137,953**	**28**

Consolidated Income Statement

Amounts in EUR thousands	FY 2018	Of which related parties	Of which non-recurring income (charges)	FY 2017	Of which related parties	Of which non-recurring income (charges)
Operating revenue	145,282	0	0	127,721	0	0
Other revenue and income	4,941	0	2,570	2,026	0	0
Total Revenue	**150,223**	**0**	**2,570**	**129,747**	**0**	**0**
Raw materials and consumables	(220)	0	0	(253)	0	0
Service costs	(57,154)	(230)	0	(50,950)	(150)	(45)
Personnel costs	(71,142)	0	0	(63,309)	0	(967)
Other operating costs	(1,852)	0	0	(1,500)	(13)	0
Cost of internal work capitalised	3,709	0	0	3,427	0	0
Amortisation, depreciation and write-downs:						
Depreciation of property, plant and equipment	(765)	0	0	(620)	0	0
Amortisation of intangible assets	(4,568)	0	0	(5,609)	0	0
Impairment loss on fixed assets	(364)	0	0	0	0	0
Allocations to provisions	(6,594)	0	(2,396)	(1,888)	0	0
Total Operating Costs	**(138,950)**	**(230)**	**(2,396)**	**(120,702)**	**(163)**	**(1,013)**
Operating Profit (Loss) (EBIT)	**11,273**	**(230)**	**174**	**9,045**	**(163)**	**(1,013)**
Financial income	62	0	0	61	0	0
Financial expense	(1,261)	0	0	(1,358)	0	0
Effect of measurement at equity	0	0	0	(3)	0	0
Total Financial Income/Expense	**(1,199)**	**0**	**0**	**(1,300)**	**0**	**0**
Profit (loss) before tax	**10,074**	**(230)**	**174**	**7,745**	**(163)**	**(1,013)**
Current income taxes	(2,714)	0	0	(1,832)	0	0
Deferred tax assets and liabilities	(957)	0	0	(738)	0	0
Total Income taxes	**(3,671)**	**0**	**174**	**(2,570)**	**0**	**(1,013)**
Net profit (loss) from continuing operations	**6,403**	**(230)**	**174**	**5,175**	**(163)**	**(1,013)**
Net profit (loss) from discontinued operations	**0**	**0**	**0**	**0**	**0**	**0**
Net profit (loss)	**6,403**	**(230)**	**174**	**5,175**	**(163)**	**(1,013)**
Net profit (loss) attributable to minority interests	**922**	**0**	**0**	**697**	**0**	**0**
Net profit (loss) attributable to owners of the Parent Company	**5,481**	**0**	**0**	**4,478**	**0**	**0**

Consolidated Statement of Cash Flows

Amounts in EUR thousands	2018	Of which related parties	2017	Of which related parties
Net profit (loss)	6,403	0	5,175	0
Amortisation, depreciation and write-downs	5,333	0	6,229	0
Non-monetary changes in post-employment benefits (TFR)	220	0	1,300	0
Net financial expense in the income statement	1,240	0	1,414	0
Taxes for the year	2,714	0	1,832	0
Deferred tax assets and liabilities	957	0	738	0
Losses on current assets and provisions	6,958	0	1,888	0
Increase in internal work capitalised	(3,709)	0	(3,427)	0
Other non-monetary changes	(50)	0	10	0
Exchange rate conversion differences	(6)	0	(78)	0
Cash flow from operating activities	**20,060**	**0**	**15,081**	**0**
Change in inventories	8	0	24	0
Change in trade receivables	(2,245)	0	(1,715)	6
Change in trade payables	45	4	(1,035)	(29)
Use of bad debt provisions	(1,343)	0	(767)	0
Other changes in current assets and liabilities	497	0	(4,984)	0
Taxes for the year paid	(468)	0	(511)	0
Post-employment benefits paid	(641)	0	(576)	0
Other changes in non-current assets and liabilities	(753)	0	(1,985)	0
Change in net working capital	**(4,900)**	**4**	**(11,548)**	**(29)**
Cash flow from (used in) operating activities	**15,160**	**4**	**3,533**	**(29)**
(Purchase) of property, plant and equipment net of disposals	(968)	0	(470)	0
(Purchase) of intangible assets net of disposals	(119)	0	(1,650)	0
Cash flow from business combinations net of cash acquired	(1,339)	0	(616)	0
(Purchase)/sale of equity investments and securities	67	0	0	**0**
Cash flow from (used in) investing activities	**(2,358)**	**0**	**(2,736)**	**0**
Change in current financial assets	216	0	(399)	0
Change in current financial liabilities	3,048	0	(2,428)	0
Financial expense paid	(1,156)	0	(1,333)	0
Change in non-current financial liabilities	3,397	0	(3,568)	0
Cash paid for purchase of share pertaining to third parties	0	0	(1,077)	0
Cash paid to purchase own shares	(2,366)	0	0	0
Distribution of dividends paid to Group shareholders	(2,698)	0	(1,996)	0
Distribution of dividends paid to minority interests	0	0	(350)	0
Change in share of minority interests	0	0	14	0
Cash flow from (used in) financing activities	**441**	**0**	**(11,138)**	**0**
Cash flow from (used in) discontinued operations	**0**	**0**	0	**0**
Cash and cash equivalents	**13,243**	4	**(10,342)**	**(29)**
Net cash and cash equivalents - opening balance	22,767	0	33,109	0
Net cash and cash equivalents - closing balance	36,010	0	22,767	0
Net increase (decrease) in cash and cash equivalents	**13,243**	**0**	**(10,342)**	**0**

5.4. Management of financial risk: objectives and criteria

The Company's main financial instruments, other than derivatives, include bank loans, finance leases and rental agreements with a purchase option, demand and short-term bank deposits. The main objective of these instruments is to fund the operations of the Company and of the Group. The Company and the Group have various financial instruments, such as trade payables and receivables, resulting from its operations.

The Company and the Group have not performed any transactions in derivatives, unless to hedge interest rate risk.

- **Exchange rate risk**

  The Company and the Group are exposed to the risk of fluctuations in the following exchange rates: Euro/GBP, Euro/UAH, Euro/PLN, Euro/RON and Euro/CHF, with regard to consolidation of the economic and equity amounts of iBe Solve Execute Ltd, Be Sport, Media & Entertainment Ltd, Be Ukraine Think, Solve, Execute S.A., Be Poland Think, Solve, Execute Sp.zo.o., Be Think Solve Execute RO and Be TSE Switzerland AG.

  The potential positive or negative impact related to short-term credit/debt exposure in foreign currency, resulting from the fluctuation of the exchange rate as a consequence of a hypothetical and immediate change in exchange rates of +/- 10%, is summarised in the following table:

Currency	**+10%**	**-10%**
Polish Zloty (PNL)	(87)	107
Ukrainian Hryvnia (UAH)	(41)	50
Romanian Leu (RON)	(58)	71
British Pound (GBP)	136	(166)
Swiss Franc (CHF)	(35)	42
Total	**(85)**	**104**

  Following a hypothetical increase of all exchange rates of ten percent, the overall impact would be a negative Euro 85 thousand, against a positive impact of Euro 104 thousand if the rates fell by the same percentage.

  In view of the events associated with the United Kingdom's process of exiting from the European Union ("Brexit"), the Group could be exposed to potential risks, at present not quantifiable or foreseeable, linked amongst other things to a write-down of its assets held in GBP. Management has implemented appropriate monitoring activities in order to react quickly to any negative effects.

- **Risk of change in price of raw materials**

  The Group is not exposed to the risk of fluctuations in raw materials prices.

- **Credit risk**

  Credit risk represents the Group's exposure to potential losses resulting from the failure of the counterparty to fulfil its commercial and financial obligations.

  Given the nature of its customers (mainly banks and the public administration), credit risk mainly relates to delays in collecting receivables from Public Administration customers and to any disputes (see note 8 and paragraph 5.1). In this regard, the Company and the Group carefully consider the use of all instruments, including any legal action, to ensure the prompt collection of receivables from Public Administration customers.

Note that the top two customers of the Banking Group account for 44% of operating revenue. The maximum theoretical exposure to credit risk for the Group at 31 December 2018 is represented by the book value of the financial assets taken from the condensed financial statements.

The Group has ongoing transactions to free up trade receivables without recourse.

- **Interest rate risk**

  As the Company has loans in Euro at a floating interest rate, it believes that its exposure to any rise in interest rates may increase future financial expense. A swap contract has been drawn up to hedge interest rate risk on an unsecured loan obtained of Euro 7 million, for a duration of 5 years and two swap contracts were drawn up to hedge interest rate risk on an unsecured loan obtained of Euro 10 million, for a duration of five years. The tables included in the sections on current and non-current financial payables show the book value, by maturity, of the Company's and Group's financial instruments that are exposed to interest rate risk.

  A hypothetical sudden and unfavourable 1% change in the interest rate, even considering the hedge in place, applicable to existing loans at 31 December 2018 would result in a pre-tax expense of Euro 204 thousand for the year.

- **Liquidity risk**

  Liquidity risk is defined as the possibility that the Group is not able to maintain its payment commitments, due to the inability to raise new funds, or to be forced to incur very high costs to meet its commitments. The Be Group's exposure to this risk is represented above all by the loan agreements in place. At present, it has short and medium/long-term loans with banking financial counterparties. In addition, in the event of need, the Group may arrange other short-term bank loans. For details of the features of current and non-current financial liabilities, see notes 15 and 16 "Financial liabilities". The two main factors that determine the Group's liquidity situation are on one hand, the resources generated or absorbed by operating and investing activities, and on the other the maturity and renewal characteristics of the payable or of the liquidity of the financial loans and market conditions. From an operating perspective, the Group manages liquidity risk by monitoring cash flows, obtaining adequate credit lines and maintaining an adequate level of available resources. The management of operating cash flows, of the main loan transactions and of the company's liquidity is centralised and performed by the Group's treasury companies, with the objective of guaranteeing the effective and efficient management of the financial resources. The maturity characteristics of financial payables are illustrated in Notes 15 and 16, while with regard to trade payables, the amount due within the following year is shown on the financial statements. According to Management, the funds currently available, in addition to those that will be generated by operating and funding activities, including the current funds available on credit lines, will enable the Group to meet its requirements relating to investment, the management of working capital and the repayment of debts when the same are due, and will assure an appropriate level of operating and strategic flexibility.

5.5. Positions deriving from atypical or unusual transactions

In 2018, the Group did not undertake any atypical or unusual transactions as defined in Consob Communication DEM/6064293.

5.6. Fees due to the independent auditors Deloitte&Touche S.p.A. and to their network pursuant to art. 149-duodecies of the Issuers' Regulation

The fees due to the Independent auditors in 2018 totalled Euro 279 thousand (Euro 305 thousand last year), of which Euro 15 thousand refer to the limited audit of the "Non-financial statement at 31.12.2018".

The independent auditors did not carry out any activities other than auditing the financial statements.

6. Events after the reporting period at 31 December 2018

On 25 January 2019, Be announced the launch of the third phase of the own shares purchase plan, which will commence on 28 January 2019 and end on 30 May 2019, in execution of the authorisation resolved by the Shareholders' Meeting of 26 April 2018. The shares will be purchased at a unit price, which will be established on the occasion of each transaction, although it may not be less than Euro 0.20 or more than Euro 1.5 per share. During this third phase, the company may purchase a maximum number of ordinary shares of the Issuer for a total value of Euro 1,500,000.00. Note that this Shareholders' Meeting authorised the purchase of own shares in one or more tranches, also on a rotating basis, in accordance with legal thresholds and in compliance with the legislative provisions that are applicable at the time of each transaction. The Company reserves the right to launch further share purchase plans after the completion of the current transaction.

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

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

Milan, 12 March 2019.

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

Certification of 2018 Consolidated Financial Statements pursuant to art. 81-ter, Consob Regulation no. 11971 of 14 May 1999, as amended

1. Having considered the provisions of art. 154-bis, paragraphs 3 and 4, Italian Legislative Decree 58 of 24 February 1998, the undersigned, Stefano Achermann as Chief Executive Officer and Manuela Mascarini as Executive in charge of preparing the company's accounting documents of "Be Think, Solve, Execute S.p.A.", or "Be S.p.A.", hereby confirm:

- the adequacy in relation to the business characteristics, and
- the effective application of administrative accounting procedures to prepare the consolidated financial statements in 2018.

2. It is also confirmed that:

2.1. the consolidated financial statements:

a) were prepared in compliance with international accounting standards endorsed by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council dated 19 July 2002;

b) correspond with the accounting entries and records;

c) provide a true and fair view of the equity, economic and financial position of the issuer and its consolidated companies;

2.2. the management report contains a reliable analysis of references to significant events occurring in the financial year and their impact on the results of operations, as well as of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 12 March 2019.

/signed/ Manuela Mascarini
Executive in charge of preparing
the company's accounting documents

Manuela Mascarini

/signed/ Stefano Achermann
Chief Executive Officer

Stefano Achermann

Deloitte.

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RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

Agli Azionisti della
Be Think, Solve, Execute S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO CONSOLIDATO

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Be Think, Solve, Execute S.p.A. (il Gruppo), costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2018, dal conto economico consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2018, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla società Be Think, Solve, Execute S.p.A. (la Società) in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Impairment test degli Avviamenti

Descrizione dell'aspetto chiave della revisione	Il Gruppo iscrive nel bilancio consolidato al 31 dicembre 2018 avviamenti per complessivi Euro 61,6 milioni allocati alle "cash generating unit" (CGU) ICT Services e Business Consulting, nelle quali si articola l'attività del Gruppo. Tali avviamenti non sono ammortizzati, ma, come previsto dal principio contabile IAS 36, sono sottoposti a impairment test almeno annualmente mediante confronto tra il valore recuperabile delle CGU - determinato secondo la metodologia del valore d'uso - e il loro valore contabile che tiene conto degli avviamenti e delle altre attività allocate alle CGU. La determinazione del valore recuperabile di ciascuna CGU è basata su stime e assunzioni della Direzione riguardanti, tra l'altro, la previsione dei flussi di cassa attesi delle CGU, desunti dal piano industriale con orizzonte temporale 2019 – 2021, la stima del valore terminale, la determinazione di un appropriato tasso di attualizzazione (WACC) e della crescita di lungo periodo (g-rate). All'esito dello svolgimento del test di impairment non sono state rilevate perdite di valore. In considerazione della rilevanza dell'ammontare degli avviamenti iscritti e della soggettività della stima delle principali assunzioni attinente la determinazione dei flussi di cassa delle CGU e delle variabili chiave del modello di impairment, abbiamo considerato l'impairment test degli avviamenti un aspetto chiave della revisione del bilancio consolidato del Gruppo Be Think, Solve, Execute S.p.A. La Nota 2 del bilancio consolidato riporta l'informativa in merito alla voce in oggetto e al test di impairment.
Procedure di revisione svolte	Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure anche avvalendoci del supporto di esperti: • esame delle modalità e delle assunzioni utilizzate dalla Direzione per la determinazione del valore d'uso delle CGU; • comprensione dei controlli rilevanti posti in essere dal Gruppo sul processo di effettuazione dell'impairment test; • ottenimento di informazioni dalla Direzione e analisi di ragionevolezza sulle principali assunzioni adottate per la formulazione delle previsioni dei flussi di cassa; • analisi dei dati consuntivi rispetto ai piani originari ai fini di valutare la natura degli scostamenti e l'attendibilità del processo di predisposizione dei piani; • verifica della corretta determinazione del valore contabile delle CGU; • verifica dell'accuratezza matematica del modello utilizzato per la determinazione del valore d'uso delle CGU;

- valutazione della ragionevolezza del tasso di attualizzazione (WACC) e di crescita di lungo periodo (g-rate);
- verifica della sensitivity analysis predisposta dalla Direzione.

Abbiamo infine esaminato l'adeguatezza dell'informativa fornita dal Gruppo sull'impairment test e la sua conformità a quanto previsto dallo IAS 36.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio consolidato

Gli Amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Be Think, Solve, Execute S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;

- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'assemblea degli azionisti della Be Think, Solve, Execute S.p.A. ci ha conferito in data 10 maggio 2012 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2012 al 31 dicembre 2020.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Be Think, Solve, Execute S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari del Gruppo Be Think, Solve, Execute S.p.A. al 31 dicembre 2018, incluse la loro coerenza con il relativo bilancio consolidato e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, co. 4, del D.Lgs. 58/98, con il bilancio consolidato del Gruppo Be Think, Solve, Execute S.p.A. al 31 dicembre 2018 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del Gruppo Be Think, Solve, Execute S.p.A. al 31 dicembre 2018 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Dichiarazione ai sensi dell'art. 4 del Regolamento Consob di attuazione del D.Lgs. 30 dicembre 2016, n.254

Gli Amministratori della Be Think, Solve, Execute S.p.A. sono responsabili per la predisposizione della dichiarazione non finanziaria ai sensi del D.Lgs. 30 dicembre 2016, n.254.

Abbiamo verificato l'avvenuta approvazione da parte degli Amministratori della dichiarazione non finanziaria.

Ai sensi dell'art. 3, comma 10, del D.Lgs. 30 dicembre 2016, n. 254, tale dichiarazione è oggetto di separata attestazione di conformità da parte nostra.

DELOITTE & TOUCHE S.p.A.

Stefano Marnati

Stefano Marnati
Socio

Milano, 27 marzo 2019

SHAPING
THE FUTURE
OF FINANCIAL SERVICES

Parent Company Financial Statements

A. Statement of Financial Position

Amounts in EUR	***Notes***	**31.12.2018**	**31.12.2017**
NON-CURRENT ASSETS			
Property, plant and equipment	*1*	2,623	4,137
Goodwill	*2*	10,170,000	10,170,000
Intangible assets	*3*	6,833	1,000
Equity investments in subsidiaries	*4*	34,198,964	34,198,964
Loans and other non-current assets	*5*	562,222	562,222
Deferred tax assets	*6*	1,643,605	3,664,329
Total non-current assets		**46,584,247**	**48,600,652**
CURRENT ASSETS			
Trade receivables	*7*	4,262,269	4,612,418
Other assets and receivables	*8*	12,396,572	10,051,837
Direct tax receivables	*9*	46,673	46,673
Financial receivables and other current financial assets	*10*	19,436,234	22,915,779
Cash and cash equivalents	*11*	25,713,041	14,884,147
Total current assets		**61,854,789**	**52,510,854**
Total discontinued operations		**0**	**0**
TOTAL ASSETS		**108,439,036**	**101,111,506**
SHAREHOLDERS' EQUITY			
Share capital		27,109,165	27,109,165
Reserves		14,203,800	18,016,761
Net profit (loss)		1,728,089	1,299,554
TOTAL SHAREHOLDERS' EQUITY	***12***	**43,041,054**	**46,425,480**
NON-CURRENT LIABILITIES			
Financial payables and other non-current financial liabilities	*13*	15,418,268	12,020,559
Provisions for future risks and charges	*14*	2,858,078	1,724,101
Post-employment benefits (TFR)	*15*	168,305	173,100
Deferred tax liabilities	*16*	2,930,994	2,930,994
Other non-current liabilities	*17*	556,222	556,222
Total non-current liabilities		**21,931,867**	**17,404,976**
CURRENT LIABILITIES			
Financial payables and other current financial liabilities	*18*	34,162,670	27,014,648
Trade payables	*19*	1,956,238	1,028,322
Tax payables	*20*	361,046	29,480
Other liabilities and payables	*21*	6,986,161	9,208,600
Total current liabilities		**43,466,115**	**37,281,050**
Total discontinued operations		**0**	**0**
TOTAL LIABILITIES		**65,397,982**	**54,686,026**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**108,439,036**	**101,111,506**

The effects of related party transactions on the statement of financial position in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific statement of financial position in note 5.4.

B. Income Statement

Amounts in EUR	*Notes*	FY 2018	FY 2017
Operating revenue	*22*	4,581,544	4,875,345
Other revenue and income	*23*	2,233,266	715,506
Total Operating revenue		**6,814,810**	**5,590,851**
Raw materials and consumables	*24*	(1,696)	(1,530)
Service costs	*25*	(7,263,735)	(4,787,038)
Personnel costs	*26*	(3,577,950)	(3,192,166)
Other operating costs	*27*	(330,381)	(161,070)
Amortisation and depreciation, provisions and write-downs:			
Depreciation of property, plant and equipment	*28*	(1,514)	(1,947)
Amortisation of intangible assets	*28*	(3,667)	(500)
Allocations to provisions	*29*	(1,590,000)	(1,232,000)
Total Operating Costs		**(12,768,943)**	**(9,376,251)**
Operating Profit (Loss) (EBIT)		**(5,954,133)**	**(3,785,400)**
Financial income	*30*	7,674,508	4,490,569
Financial expense	*30*	(423,645)	(412,231)
Write-down of financial assets	*30*	(738,329)	0
Total Financial Income/Expense		**6,512,534**	**4,078,338**
Profit (loss) before tax		**558,401**	**292,938**
Current income taxes	*31*	3,205,764	1,852,739
Deferred tax assets and liabilities	*31*	(2,036,076)	(846,123)
Total Income taxes		**1,169,688**	**1,006,616**
Net profit (loss) from continuing operations		**1,728,089**	**1,299,554**
Net profit (loss) from discontinued operations		**0**	0
Net profit (loss)		**1,728,089**	**1,299,554**

The effects of related party transactions on the income statement in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific income statement in paragraph 5.4.

C. Statement of Comprehensive Income

Amounts in EUR	FY 2018	FY 2017
Net profit (loss)	**1,728,089**	**1,299,554**
Items not subject to reclassification in the income statement		
Actuarial gains (losses) on employee benefits	3,665	1,269
Tax effect on actuarial gains (losses)	(880)	(304)
Items subject to reclassification in the income statement when certain conditions are met		
Gains (losses) on cash flow hedges	(51,400)	22,486
Gains (losses) on the restatement (fair value) of available-for-sale financial assets	0	0
Other items of comprehensive income	**(48,615)**	**23,451**
Net comprehensive profit (loss)	**1,679,474**	**1,323,005**

D. Statement of Cash Flows

Amounts in EUR	FY 2018	FY 2017
Net profit (loss)	**1,728,089**	**1,299,554**
Amortisation and depreciation	5,181	2,447
Non-monetary changes in post-employment benefits (TFR)	2,229	2,446
Net financial income in the income statement	(6,512,534)	(4,078,338)
Taxes for the year	(3,205,764)	(1,852,739)
Deferred tax assets and liabilities	2,036,076	846,123
Provisions and write-downs	1,590,000	1,232,000
Release of bad debt provisions	(506,597)	0
Other non-monetary changes	(51,399)	924
Cash flow from operating activities	**(4,914,719)**	**(2,547,583)**
Change in trade receivables	405,723	(1,832,707)
Change in trade payables	927,916	(100,418)
Use of bad debt provisions	(5,000)	(154,572)
Other changes in current assets and liabilities	(919,225)	537,148
Taxes for the year paid	(150,251)	(73,177)
Post-employment benefits paid	(3,360)	(32,594)
Other changes in non-current assets and liabilities	(16,233)	(77,762)
Change in net working capital	**239,570**	**(1,734,081)**
Cash flow from (used in) operating activities	**(4,675,149)**	**(4,281,664)**
(Purchase) of property, plant and equipment net of disposals	0	2,360
(Purchase) of intangible assets net of disposals	(9,500)	(1,500)
Cash flow from (used in) investing activities	**(9,500)**	**860**
Change in current financial assets	5,911,092	(76,441)
Change in current financial liabilities	11,648,022	(4)
Change in non-current financial assets/liabilities	3,397,709	(3,589,034)
Financial expense paid	(379,380)	(402,564)
Cash paid to purchase own shares	(2,365,955)	0
Distribution of dividends paid to Company shareholders	(2,697,945)	(1,996,480)
Cash flow from (used in) financing activities	**15,513,543**	**(6,064,523)**
Cash flow from (used in) discontinued operations	**0**	**0**
Cash and cash equivalents	**10,828,894**	**(10,345,326)**
Net cash and cash equivalents - opening balance	14,884,147	25,229,473
Net cash and cash equivalents - closing balance	25,713,041	14,884,147
Net increase (decrease) in cash and cash equivalents	**10,828,894**	**(10,345,326)**

In accordance with Consob Resolution no. 15519 of 27 July 2006, the effects of related party transactions on the Statement of cash flows are illustrated in a specific Statement of Cash Flows in paragraph 5.4.

E. Statement of Changes in Shareholders' Equity

Amounts in EUR	Share capital	Legal Reserve	Share Premium reserve	Extraordinary reserve	Reserve of own shares purchased	Other reserves	Profit (loss) carried forward	Profit (loss) for the year	Shareholders' Equity
SHAREHOLDERS' EQUITY AT 31.12.2016	**27,109,165**	**376,459**	**15,168,147**	**4,902,721**	**0**	**(714,886)**	**0**	**257,349**	**47,098,955**
Net profit (loss)	0	0	0	0	0	0	0	1,299,554	1,299,554
Other items of comprehensive income	0	0	0	0	0	23,451	0	0	23,451
Net comprehensive profit (loss)	**0**	**0**	**0**	**0**	**0**	**23,451**	**0**	**1,299,554**	**1,323,005**
Allocation of prior year profit (loss)	0	12,867	0	0	0	0	244,482	(257,349)	0
Dividend distribution	0	0	0	(1,751,998)	0	0	(244,482)	0	(1,996,480)
SHAREHOLDERS' EQUITY AT 31.12.2017	**27,109,165**	**389,326**	**15,168,147**	**3,150,723**	**0**	**(691,435)**	**0**	**1,299,554**	**46,425,480**
Net profit (loss)	0	0	0	0	0	0	0	1,728,089	1,728,089
Other items of comprehensive income	0	0	0	0	0	(48,615)	0	0	(48,615)
Net comprehensive profit (loss)	**0**	**0**	**0**	**0**	**0**	**(48,615)**	**0**	**1,728,089**	**1,679,474**
Purchase of own shares	0	0	0	0	(2,365,955)	0	0	0	(2,365,955)
Allocation of prior year profit (loss)	0	64,978	0	0	0	0	1,234,576	(1,299,554)	0
Dividend distribution	0	0	0	(1,463,369)	0	0	(1,234,576)	0	(2,697,945)
SHAREHOLDERS' EQUITY AT 31.12.2018	**27,109,165**	**454,304**	**15,168,147**	**1,687,354**	**(2,365,955)**	**(740,050)**	**0**	**1,728,089**	**43,041,054**

Notes to the financial statements

1. Corporate information

Be Think, Solve, Execute S.p.A. (Be S.p.A. for short), the Parent Company, is a joint-stock company established in 1987 in Mantua.

The registered office is in Viale dell'Esperanto 71 in Rome.

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

The financial statements of Be S.p.A. for the year ending 31 December 2018 were approved for publication by the Board of Directors on 12 March 2019. Be S.p.A. has also drawn up the Consolidated Financial Statements for the Be Group at 31 December 2018.

2. Measurement criteria and accounting standards

2.1 Presentation criteria

The financial statements of Be S.p.A. at 31 December 2018 have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as with provisions issued in implementation of art. 9 of Italian Legislative Decree 38/2005. The above standards are integrated with IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) interpretations. The financial statements comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the relative notes to the financial statements.

The Company presents a statement of comprehensive income by classifying individual components based on their nature. This format complies with the management reporting method adopted by the company and is therefore considered more representative than a presentation by item allocation, providing more reliable and more significant indications for the business sector concerned. With reference to the statement of financial position, a presentation format has been adopted that divides assets and liabilities into current and non-current, as permitted by IAS 1.

The statement of cash flows indicates cash flows during the year and classified as operating, investing or financing activities. Cash flows from operating activities are recognised using the indirect method.

The statement of changes in shareholders' equity was prepared in compliance with IAS 1.

As regards segment reporting, the company does not fall within the scope of application of IFRS 8. The Financial Statements are presented in Euro, the amounts in the notes to the financial statements are presented in Euro unless otherwise indicated, therefore, there could be differences in the amounts shown in the tables below due to rounding.

In preparing these financial statements, the directors used going concern assumptions and therefore prepared the statements on the basis of standards and criteria applying to fully operative companies.

For further information on this aspect, please refer to note 2.3.

2.2 Discretionary measurements and significant accounting estimates

Preparation of the financial statements and related notes in application of IFRS requires that management perform discretionary measurements and accounting estimates that have an effect on the value of statement of financial position assets and liabilities and on financial statement disclosures. The final results could differ from such estimates. The estimates are used to measure goodwill, to recognise credit risk provisions, to determine write-downs on investments or assets, determine amortisation and depreciation and to calculate taxes and provisions for risks and charges. Also note that the directors have exercised their discretion in assessing the prerequisites for going concern assumptions. The estimates and assumptions are periodically reviewed and the effects of any change are immediately reflected in the income statement.

Uncertainty of estimates

When applying accounting standards, the Directors have taken decisions based on certain key assumptions regarding the future and other important sources of uncertainty in estimates at the end date of the financial statements, which could lead to adjustments to the book values of assets and liabilities. Intangible assets, equity investments and goodwill represent a significant share of the Company's assets. More specifically, goodwill is tested for impairment at least once a year; said testing entails estimating the value in use of the cash flow generating units to which the goodwill pertains, in turn based on an estimation of the expected cash flows of the units and on their discounting based on an adequate discount rate; the assumptions made to determine the value in use of the individual cash flow generating units, to support said asset values, may not necessarily be fulfilled and may lead to adjustments of book values in the future.

The 2019-2021 Plan was prepared by the Directors for the purpose of Impairment testing, approved by the Board of Directors' Meeting held on 20 February 2019 (hereinafter 2019-2021 Plan), on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. The forecasts represent the best estimate of future events that management expects to arise and of action that management intends to take. These were estimated on the basis of final figures, orders already received or sales to be made to established customers, as such presenting a lower degree of uncertainty and therefore a higher probability of actually occurring.

Vice versa, the assumptions relate to future events and action, fully or partly independent to management action; they are therefore characterised by a greater degree of chance, and in the case in hand mainly relate to the expected growth in the three-year period of new products and services of the ITC Solutions business line, as well as the expected growth of the Consulting business line.

Consequently, the Directors acknowledge that the strategic objectives identified in the 2019-2021 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan, their extent and timing.

Any failure to implement said initiatives could result in lower economic results with consequent negative effects on the Company's and Group's income statement and statement of financial position and on whether the future cash flows on which the estimated value in use to support the recoverability of goodwill and of equity investments recorded under assets is based, amongst other things, can be achieved.

2.3 Disclosure on going concern assumptions

With reference to the information on risks and financial indebtedness illustrated in specific chapters of the Management Report, the paragraphs below provide information on going concern assumptions.

2019-2021 Plan

The 2019-2021 Plan was prepared on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. Though reasonable, these do show profiles of uncertainty due to the questionable nature of future events and the characteristics of the market in which the Group operates.

With reference to the content of the paragraph entitled "Events after 31 December 2018 and business outlook" in the Management Report, the directors consider going concern assumptions to be appropriate in preparing the Financial Statements of the Parent Company, as no uncertainties have emerged associated with events or circumstances which, taken individually or as a whole, could give rise to doubts about the company as a going concern.

Changes in medium-term credit facilities

In 2018, the company repaid the envisaged instalments of existing loans. For additional information, refer to notes 13 and 18.

2.4 Accounting principles

The accounting principles adopted in these Financial Statements are in line with those adopted last year, with the exception of any effects resulting from the application of new accounting standards, detailed below.

2.4.1 Intangible assets

Intangible assets acquired separately are recognised at cost, while those acquired through business combination transactions are recognised at fair value on the date of acquisition. After initial recognition, intangible assets are recognised at cost, net of any accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is classified as finite or indefinite. Intangible assets with a finite useful life are amortised for the period of the same and tested for impairment whenever there is evidence of possible impairment. The period and the amortisation method applied to the same is reviewed at the end of each year or more frequently, if retained necessary. Changes in the expected useful life or in the way in which the future economic benefits related to the intangible asset are consumed by the company are recognised by changing the period or the amortisation method, as needed, and are treated as changes in accounting estimates. The amortisation charges for intangible assets with finite useful life are recognised in the income statement under the specific item Amortisation of Intangible Assets.

The useful life generally attributed to the various categories of asset is the following:

- concessions, licences and trademarks, the shorter between the duration of the right or 5 years.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The gains or the losses resulting from the sale of an intangible asset are measured as the difference between the net sales income and the book value of the asset and are recognised in the income statement at the time of sale.

2.4.2 Goodwill

Goodwill acquired through a business combination is represented by the surplus cost of the business combination with respect to the pertinent share of equity measured at present values relating to the amounts of the identifiable assets, liabilities and potential liabilities acquired. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. The recoverability of goodwill is assessed at least once a year or more frequently if events or changes occur that could lead to any impairment loss.

Goodwill resulting from acquisitions made prior to the date of transition to IFRS standards is maintained at the values resulting from the application of Italian accounting principles at said date and is tested for impairment annually.

To assess recoverability, the goodwill acquired through business combinations is allocated, from the acquisition date, to each of the cash flow generating units (or groups of units) that are retained to benefit from the synergies resulting from the acquisition, regardless of the allocation of other assets or liabilities acquired. Each unit or group of units to which goodwill is allocated:

- represents the lowest level within the company at which goodwill is monitored for internal management purposes;
- is not higher than an operating segment as defined by IFRS 8 "Operating Segments".

Impairment losses are determined by establishing the recoverable amount of the cash flow generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the cash flow generating unit (or group of units) is lower than the book value, an impairment loss is recognised. In cases in which the goodwill is allocated to a cash flow generating unit (or group of units) whose assets are partially disposed of, the goodwill associated to the asset sold is considered when establishing any gain (loss) resulting from the transaction. In these circumstances, the goodwill transferred is measured on the basis of the values relating to the asset disposed of with respect to the asset still held with relation to the same unit.

At the time of disposal of a part or of an entire business previously acquired and whose acquisition gave rise to goodwill, when establishing the gains or losses on disposal, the corresponding residual value of the goodwill is taken into consideration.

2.4.3 Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly attributable accessory costs and financial charges and needed to bring it to the working condition for which the asset was purchased, plus, when relevant and in the presence of present obligations, the present value of the cost estimated to dismantle and remove the asset.

When significant parts of these property, plant and equipment have different useful lives, these components are depreciated separately. The rates of depreciation used are as follows:

Rates of depreciation

Description of asset	Depreciation rate
Other assets:	
Office furniture and machines	12%
Electronic office machines	20%
Passenger cars	25%

The book value of property, plant and equipment is tested to reveal any impairment losses, when events or changes in situations indicate that the book value cannot be recovered. If there is evidence of this nature and in the event in which the book value exceeds the estimated recoverable amount, the assets are written down to reflect their recoverable amount. The recoverable amount of property, plant and equipment is represented by the higher between the net sale price and the value in use.

When establishing the value in use, the expected future cash flows are discounted using a pre-tax discount rate which reflects the present market estimate of the cost of money with relation to the time and to the specific risks of the asset. For assets that do not generate fully independent cash flows, the recoverable amount is established in relation to the cash flow generating unit to which said asset belongs. Impairment losses are booked to the income statement under costs for amortisation, depreciation and write-downs. These impairment losses are reversed in the event in which the reasons that generated them should cease to exist.

At the time of sale or when the expected future benefits from the use of an asset no longer exist, it is derecognised from the financial statements and any gain or loss (calculated as the difference between the sale value and the book value) is booked to the income statement in the year of said derecognition. The residual value of the asset, the useful life and the methods applied are reviewed annually and adjusted if necessary at the end of each year. The costs of any significant inspections are recognised in the book value of the plant or equipment as a replacement cost if recognition criteria are met.

2.4.4 Impairment loss on assets

On the closing date of the annual financial statements, the Company assesses the existence of impairment losses on assets. In said case, or in cases in which annual impairment testing is required, Be S.p.A. estimates the recoverable amount. The recoverable amount is the higher between the fair value of an asset or cash flow generating unit net of sale costs, and its value in use, and is established by individual asset, unless said asset generates cash flows which are fully independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable amount, said asset has suffered an impairment loss and is consequently written down to its recoverable amount.

When establishing the value in use, estimated future cash flows are discounted from the present value at a discount rate which reflects market valuations on the temporary value of money and the specific risks of the asset. The impairment losses suffered by continuing operations are booked to the income statement under Write-down of financial assets.

On the closing date of the annual financial statements, the Company also assesses whether the impairment loss previously recognised is still valid (or should be reduced) and a new recoverable amount is estimated. The value of an asset previously written down (with the exception of goodwill) may be restated only if there are changes in the estimates used to establish the recoverable amount of the asset after the last recognition of an impairment loss. In this case, the book value of the asset is brought to its recoverable amount, although the increased value must not exceed the book value that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised in previous years. Each reversal is recognised as income on the income statement, unless the asset is recognised at a revalued amount, the case in which the reversal is treated as a revaluation. After an impairment loss has been reversed, the amortisation or depreciation charges of the asset are adjusted in future periods, in order to share the changed book value, net of any residual value, on a straight-line basis over the remaining useful life.

2.4.5 Equity investments in subsidiaries

Equity investments in subsidiaries are measured at cost, adjusted to take impairment losses into account following the appropriate tests.

The original cost is restored if the reasons for the impairment cease to exist in future years. The purchase cost also includes any accessory charges.

2.4.6 Financial assets

Based on the characteristics of the instrument and the business model adopted for its management, financial assets are classified into the following three categories: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value through other comprehensive income; (iii) financial assets measured at fair value through profit or loss.

Initial recognition is at fair value. After initial recognition, the financial assets that generate contractual cash flows exclusively representing payments of principal and interest are measured at amortised cost if they are held for the purpose of collecting the contractual cash flows (known as the hold to collect business model). According to the amortised cost method, the value of initial recognition is later adjusted to take repayments of principal, any write-downs and the amortisation of the difference between the repayment value and the initial recognition value into account. Amortisation is made on the basis of the internal effective interest rate that represents the rate that renders the present value of the expected cash flows and the value of initial recognition equal.

The receivables and other financial assets measured at amortised cost are shown in the statement of financial position net of the relative bad debt provision.

Financial assets whose business model envisages both the option of collecting the contractual cash flows and that of recognising gains on disposals (known as the hold to collect and sell business model), are measured at fair value through other comprehensive income. In this case, any changes in the fair value of the instrument are recognised in shareholders' equity, under other components of comprehensive income. The cumulative amount of fair value changes, booked to the equity reserve that encompasses other components of comprehensive income, is reversed to the income statement when the instrument is eliminated from the accounts. The interest income calculated by using the effective interest rate, exchange rate differences and write-downs is recognised in the income statement.

A financial asset not measured at amortised cost or at fair value through other comprehensive income is measured at fair value through profit or loss; this includes financial assets held for trading.

The financial assets disposed of are eliminated from assets when the contractual rights related to obtaining the cash flows associated to the financial instrument expire, or are transferred to third parties.

2.4.7 Trade receivables and other receivables

Trade receivables and other receivables are recognised at their fair value, identified from the face value and subsequently reduced by any impairment losses. Trade receivables which are not due within standard trading terms and which do not generate interest, are discounted.

2.4.8 Cash and cash equivalents

Cash and cash equivalents include cash and demand and short-term deposits, in the latter case whose original maturity is three months or less, and are recognised at their face value.

2.4.9 Treasury shares

Treasury shares that are repurchased are deducted from shareholders' equity. The purchase, sale, issue or cancellation of instruments representing share capital do not generate the recognition of any gain or loss in the income statement.

2.4.10 Employee benefits

Short-term employee benefits, namely due within twelve months of the end of the year in which the employee has worked, are recorded as a cost and as a liability for an amount corresponding to the non-discounted amount that should be paid to the employees for their service. Instead, long-term benefits, such as those to be paid beyond twelve months from the end of the year in which the employee worked, are recognised as a liability for an amount corresponding to the current value of the benefits on the date of the financial statements.

Post-employment benefits reflect the amount accrued in favour of employees, in accordance with the law in force and collective labour agreements. The liabilities relating to defined benefit plans, net of any assets serving the plan, are determined on the basis of actuarial assumptions and are recognised on an accrual basis in accordance with the work performed required to obtain the benefits; these liabilities are measured by independent actuaries. From 1 January 2007, the nature of Provisions for post-employment benefits changed from "defined benefit plans" to "defined contribution plans". For IAS purposes, Provisions for post-employment benefits accrued at 31 December 2006 continue to be considered a defined benefit plan. The accounting treatment of the amounts maturing from 1 January 2007 is therefore similar to that existing for payments of other types of contribution, both in the case of the supplementary pension plan option, and in the case in which it is paid into the Treasury Fund held by INPS.

As regards the liabilities relating to the defined benefit plan, IAS 19 envisages that all of the actuarial profits and losses accrued at the date of the financial statements should be immediately recognised in the "Statement of Comprehensive Income" (Other Comprehensive Income, hereafter OCI).

2.4.11 Provisions for risks and charges

Provisions for risks and charges regard costs and charges of a specific nature, whose existence is certain or likely, for which at the closing date of the reference period, the amount or contingency date has not been established. Provisions are recognised in the presence of a present obligation (legal or implicit) which originates from a past event, when an outlay of resources to meet the obligation is likely, and a reliable estimate of the amount of the obligation can be made.

Provisions are recognised at a value that represents the best estimate of the amount that the company should pay to extinguish the obligation or to transfer it to third parties on the closing date of the period.

If the effect of discounting is significant, the provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate which reflects the present market valuation of the cost of money with relation to time. When the discounting is performed, the increase of the provision due to the passing of time is recognised as a financial charge.

2.4.12 Trade and other payables

Trade payables and other payables are initially recognised at cost, namely at the fair value of the amount paid during the course of the transaction. Subsequently, payables that have a fixed due date are measured at amortised cost, using the effective interest rate method, while payables without a fixed due date are measured at cost.

Short-term payables, for which the accrual of interest has not be agreed, are measured at their original value. The fair value of long-term payables has been established by discounting future cash flows: the discount is recognised as a financial charge over the term of the payable until due.

2.4.13 Financial liabilities

Financial liabilities, other than derivatives, are initially recognised at fair value less any transaction costs; subsequently, they are recognised at amortised cost for the purpose of discounting the effective interest rates as illustrated in paragraph 2.9.6. "Financial assets" above.

Financial liabilities are eliminated when they are extinguished, namely when the obligation specified in the contract has been fulfilled, cancelled or has expired.

2.4.14 Leases

Finance leases, which substantially transfer all of the risks and benefits relating to the ownership of the leased asset to the company, are capitalised from the start date of the lease at the fair value of the leased asset or, if lower, at the present value of instalments.

Instalments are split on a pro rata basis between a principal amount and an interest amount in order to apply a constant interest rate to the residual balance of the debt.

Financial expense is booked directly to the income statement.

Capitalised leased assets are amortised or depreciated over the shortest timeframe between the estimated useful life of the asset and the length of the lease agreement, if there is no reasonable certainty that the company will obtain ownership of the asset at the end of the agreement.

Operating lease instalments are recognised as costs in the income statement on a straight-line basis over the term of the agreement.

2.4.15 Revenue

Revenue is recognised to the extent to which it is likely that the economic benefits will be consumed by the company and the relative amount can be reliably determined. The following specific recognition criteria must be applied to revenue before it may be booked to the income statement:

- Provision of services: the revenue generated by the provision of services is recognised in the income statement when the service is performed.

  In cases in which extensions are granted to the customer not at normal market conditions, without accruing interest, the amount that will be collected is discounted. The difference between the present value and the amount collected represents financial income and is recorded on an accrual basis.
- Interest: is recognised as financial income when the applicable interest income has been established (calculated using the effective interest method which is the rate that exactly discounts the expected future cash flows based on the expected life of the financial instrument at the net book value of the financial asset).
- Dividends: are recognised when the right of shareholders to receive payment arises.

2.4.16 Costs of goods and services

In accordance with the accrual principle, the above costs contribute to reducing economic benefits, and take the form of cash outflows or the reduction of the value of an asset or the incurrence of a liability.

2.4.17 Write-down of financial assets

The measurement of the recoverability of financial assets not measured at fair value through profit or loss is made on the basis of the so-called "Expected Credit Loss model".

More specifically, expected losses are usually calculated on the basis of the product between: (i) the exposure to the counterparty net of relative mitigating factors ("Exposure at Default"); (ii) the probability that the counterparty does not meet its payment obligations ("Probability of Default"); (iii) the estimate, in percentage terms, of the quantity of credit that will not be able to be recovered in the event of default ("Loss Given Default"), defined, based on past experience and potential action for recovery (e.g. out-of-court solutions, legal disputes etc.).

The recoverability of the financial receivables related to subsidiaries is measured also considering the outcome of underlying business initiatives and the macroeconomic scenarios of the countries in which the investee companies operate.

2.4.18 Current and deferred taxes

Deferred tax assets and liabilities are calculated on the basis of the temporary differences arising on the date of the financial statements between the tax amounts taken as reference for assets and liabilities and the amounts shown in the financial statements.

Deferred tax liabilities are recognised against all taxable temporary differences, with the exception of:

- when the deferred tax liabilities originate from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and which, at the time of said transaction, does not impact the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated to equity investments in subsidiaries, associates or joint ventures, if the reversal of the temporary differences may be checked and it is likely that it will arise in the foreseeable future.

Deferred tax assets are recognised against all deductible temporary differences to the extent that the existence of adequate future tax income is likely, which can render the use of the deductible temporary differences applicable, with the exception of the case in which:

- the deferred tax assets related to the deductible temporary differences originate from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of said transaction, does not impact the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with regard to taxable temporary differences associated to equity investments in subsidiaries, associates or joint ventures, the deferred tax assets are recognised only to the extent to which it is likely that the deductible temporary differences will be paid again in the future or there is adequate taxable income against which the temporary differences may be used. The likelihood of recovering deferred tax assets is assessed with reference, in particular, to taxable income expected in subsequent years and to the tax strategies that the Group intends to adopt (for example, tax consolidation agreements).

The value of deferred tax assets to be reported in the financial statements is reviewed on the closing date of the financial statements.

Deferred tax assets that are not recognised are reviewed annually on the closing date of the financial statements.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied to the year in which the assets are realised or the liabilities are extinguished, on the basis of rates that will be issued or substantially issued on the date of the financial statements. In this regard, note that art. 1, paragraph 61 of 2016 Italian Stability Law has established that, effective for tax years subsequent to that ending 31 December 2016 (and therefore from 1 January 2017), the rate of IRES will be 24% instead of the current 27.5%.

Income taxes relating to items recognised directly under shareholders' equity are booked to shareholders' equity and not to the income statement.

Deferred tax assets and liabilities are offset, when there is a legal right to offset current tax assets against current tax liabilities and said deferred taxes are enforceable vis-à-vis the tax authority in question.

Be Think, Solve, Execute S.p.A. (hereinafter "Be S.p.A"), the consolidating Parent Company, has a tax consolidation option for the three-year period 2017-2019 with the subsidiaries Be Consulting Think, Project & Plan S.p.A. (hereinafter "Be Consulting") and Iquii Srl; for the three-year period 2018-2020 with the following subsidiary: Be Solutions Solve, Realize & Control S.p.A. ("Be Solutions").

Note that, Italian Legislative Decree 147 dated 14 September 2015 (so-called Internationalisation decree) introduced the regime of the so-called "branch exemption", namely the option of exempting the income (and the losses) of permanent foreign organisations, who are therefore taxed exclusively in the Country in which the permanent organisation is located. Therefore, iBe Think Solve Execute Ltd-Italian Branch also chose this option for the three year period 2016-2018.

Economic, equity and financial transactions resulting from the application of tax consolidation are regulated by a "tax consolidation contract" which disciplines the legal relationships resulting from the national tax consolidation scheme.

On the basis of this agreement, against taxable income recorded and transferred to the Parent Company, the Subsidiary undertakes to recognise "tax adjustments" corresponding to the sum of the relative taxes due on the income transferred.

The payment of these "tax adjustments" is made, firstly by offsetting the tax credit transferred to the Parent Company, and for the remainder to the extent and within the term provided by law envisaged for the payment of the balance and of the advances relating to the income transferred. The "tax adjustments" relating to advances will be paid to the Parent Company by the Subsidiary, within the legal terms envisaged for the payment of the same, only for those actually paid and proportional to the income transferred with respect to the sum of the individual taxable incomes transferred to the Parent Company.

The Subsidiary also undertakes to transfer any tax credits or tax losses to the Parent Company.

2.4.19 Foreign currency translation

The currency adopted for the financial statements is the Euro. Transactions in currencies other than the Euro are initially recognised at the exchange rate in force (against the functional currency) on the date of the transaction. Monetary assets and liabilities, denominated in currencies other than the Euro, are reconverted into the functional currency in force on the closing date of the financial statements. All exchange rate differences are recognised in the income statement. Non-monetary items measured at historical cost in currencies other than the Euro are converted by the exchange rates in force on the date of initial recognition of the transaction. Non-monetary items measured at fair value in currencies other than the Euro are converted by the exchange rates in force on the date said value was determined.

2.4.20 Derivative financial instruments

Derivative financial instruments, including embedded derivatives are assets and liabilities recognised at fair value.

With regard to the strategy and the objectives established for risk management, to qualify transactions as hedging requires: (i) verifying the existence of an economic relationship between the item hedged and the hedging instrument so that relative changes in value are offset and that this offsetting capacity is not influenced by the level of credit risk of the counterparty; (ii) defining a hedge ratio consistent with the objectives of risk management, as part of the risk management strategy established, making the appropriate rebalancing measures where necessary.

When hedging derivatives hedge the risk of changes in the fair value of the instruments hedged (fair value hedge), the derivatives are measured at fair value through profit or loss; likewise, the hedged instruments are adjusted to reflect the fair value changes associated to the risk hedged in profit or loss, regardless of the provision of a different measurement criterion generally applicable to the type of instrument in question.

When derivatives hedge the risk of changes in the cash flows of the instruments hedged (cash flow hedge), the changes in the fair value of the derivatives considered effective are initially recognised in the equity reserve relating to other comprehensive income components and later through profit or loss consistent with the economic effects produced by the transaction hedged. In the event of the hedging of future transactions, which entails recognising a non-financial asset or liability, the cumulative changes in the fair value of the hedging derivatives, recognised under shareholder's equity, are booked to adjust the recognition value of the non-financial assets/liabilities hedged (called basis adjustment).

The non-effective portion of the hedge is recognised in the income statement item "(Charges)/Income from derivative instruments".

At 31 December 2018, the Company had three hedge swaps in place after entering into loan agreements at a floating rate of interest.

2.4.21 Dividends

Dividends are recognised when the right of shareholders to receive payment arises, which usually coincides with the date of the Annual Shareholders' Meeting which approves the distribution of the dividend.

2.5 IFRS accounting standards, amendments and interpretations applicable from 1 January 2018

The accounting principles adopted are the same as for the previous year, except for those entering into force from 1 January 2018, and adopted by the Group for the first time, i.e.:

- On 28 May 2014, the IASB published **IFRS 15 - Revenue from Contracts with Customers** which, together with further clarifications published on 12 April 2016, will replace standards IAS 18 - Revenue and IAS 11 - Construction Contracts, as well as interpretations IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model, which will be applied to all contracts stipulated with customers, with the exception of those that fall within the scope of application of other IAS/IFRS standards such as leases, insurance contracts and financial instruments. The fundamental steps for the recognition of revenue according to the new model are:
  - identifying the contract with the customer;
  - identifying the performance obligations contained in the contract;
  - establishing the price;
  - allocating the price to the performance obligations contained in the contract;

– the recognition criteria for revenue when the entity fulfils each performance obligation.

The standard has been applied since 1 January 2018.

The adoption of this standard has had no effect on the Parent Company's Financial Statements.

- On 24 July 2014, the IASB published the final version of **IFRS 9 – Financial Instruments: recognition and measurement**. This document encompasses the results of the IASB project to replace IAS 39. The new standard must be applied to financial statements that start on 1 January 2018 or later.

  The standard introduces the new criteria for the classification and measurement of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based on the procedure adopted to manage financial instruments and on the characteristics of the contractual cash flows of the same financial assets in order to determine the measurement criterion, replacing the various rules envisaged by IAS 39. As regards financial liabilities instead, the main change made regards the accounting treatment of changes in the fair value of a financial liability designated as a financial liability measured at fair value through profit or loss, in the event in which these changes are due to a change in the credit rating of the issuer of the liability in question. According to the new standard, these changes must be recognised in "other comprehensive income" rather than the income statement. Furthermore, in the changes of financial liabilities defined as unsubstantial, it is no longer permitted to spread the economic effects of the renegotiation on the residual term of the debt by changing the effective interest rate on said date, but the relative effect must be recognised in the income statement.

  With regard to impairment, the new standard requires that the estimate of losses on loans is made on the basis of the expected losses model (and not on the incurred losses model used by IAS 39) using supportable information that is available without undue cost or effort, and that includes historical, current and forecast information. The standard envisages that this impairment model should be applied to all financial instruments, namely to financial instruments measured at amortised cost, to those measured at fair value through other comprehensive income, lease receivables and trade receivables.

  Lastly, the standard introduces a new hedge accounting model with a view to improving on the requirements envisaged by the current IAS 39, which at times are considered too strict and not suitable to reflect the risk management policies of companies. The main new features of the document regard:

  – the increase of the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities to be managed in hedge accounting;

  – the change in the way that forward contracts and options are recognised when included in a hedge accounting relationship in order to reduce the volatility of the income statement;

  – the changes to the test of effectiveness by replacing the current procedures based on a parameter of 80-125% with the principle of "economic relationship" between the item hedged and the hedging instrument; furthermore, a retrospective assessment of the effectiveness of the hedging relationship will no longer be required;

  The greater flexibility of the new accounting rules is counterbalanced by requests for additional disclosures on the company's risk management activities.

  The standard has been applied since 1 January 2018.

  The adoption of this amendment has had no effect on the Parent Company's Financial Statements.

- On 20 June 2016, the IASB published an amendment to **IFRS 2 "Classification and measurement of share-based payment transactions"**, which contains certain clarifications regarding the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with the characteristics of net settlement and the recognition of changes to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. The amendments were applied from 1 January 2018.

  The adoption of this amendment has had no effect on the Parent Company's Financial Statements.

- On 8 December 2016, the IASB published a document entitled **"Annual Improvements to IFRSs**: **2014-2016 Cycle**", which partially integrates pre-existing standards as part of the annual process to improve the same. The main changes regard:

  – IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters. The amendment has been applied since 1 January 2018 and regards the deletion of certain short-term exemptions envisaged by paragraphs E3-E7 of Appendix E of IFRS 1 insofar as the benefit of said exemptions is considered to have been superseded.

  – IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice. The amendment clarifies that the option for a venture capital organization or a qualifying entity (such as, for example a mutual investment fund or similar entity) to measure investments in an associate or joint venture at fair value through profit or loss (rather than through the application of the equity method) is made for each individual investment on initial recognition. The change has been applied since 1 January 2018.

  – IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard. The amendment clarifies the scope of application of IFRS 12, by specifying that the disclosure requirements in the standard, with the exception of those envisaged in paragraphs B10-B16, apply to all interests that are classified as held for sale, held for distribution to shareholders or as discontinued operations in accordance with IFRS 5 non-current assets held for sale and discontinued operations. The change has been applied since 1 January 2018.

  The adoption of these amendments has had no effect on the Parent Company's Financial Statements.

- On 8 December 2016, the IASB published the amendment to **IAS 40 "Transfers of Investment Property"** These amendments clarify the requirements needed to transfer a property from, or to, investment property. More specifically, an entity must reclassify a property under, or from, investment property only when there is evidence of a change in use of the property. Said change must relate to a specific event that has already taken place, and must not therefore be limited to a change in the intentions of the entity's Management. These amendments were applied from 1 January 2018.

  The adoption of this amendment has had no effect on the Parent Company's Financial Statements.

- On 8 December 2016, the IASB published an interpretation entitled **"Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)".** The objective of the interpretation is to provide guidelines for foreign currency transactions where non-monetary payments or receipts made in advance (as a balancing entry for the cash received/paid) are recognised in the financial statements before the recognition of the relative asset, cost or income. The document provides indications of how an entity should establish the date of a transaction, and consequently, the exchange rate to use in the case of foreign currency transactions in which the payment is made or received in advance.

The interpretation clarifies that the date of the transaction is the earlier between:

– the date of initial recognition of the payment or the receipt made in advance in the financial statements of the entity; and

– the date on which the asset, cost or income (or part of the same) are recognised in the financial statements (with the consequent elimination of the payment or the receipt made in advance).

If there are multiple payments or receipts in advance, a specific date of transaction must be established for each payment or receipt. IFRIC 22 has been applied since 1 January 2018.

The adoption of this amendment has had no effect on the Parent Company's Financial Statements.

2.6 IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, whose application is not yet compulsory and for which the Group did not opt for early adoption at 31 December 2018

- On 13 January 2016, the IASB published standard **IFRS 16 - Leases**, which will replace IAS 17 - Leases, as well as interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from service contracts, identifying the following as discriminants: the identification of the asset, the right to replace the same, the right to substantially obtain all of the economic benefits resulting from the use of the asset and lastly the right to direct the use of the asset underlying the contract.

  The standard established a single model for the recognition and measurement of lease contracts for the lessee, which entail recognising the leased asset, including operating assets, under assets in the statement of financial position, with a balancing entry of a financial payable. On the contrary, the Standard does not involve any changes for lessors.

  The standard is applicable from 1 January 2019, although early adoption is permitted.

  The Company has completed the preliminary assessment of the potential impact resulting from the application of the new standard on the transition date (1 January 2019). This process entails various stages, including the full mapping of contracts that are potentially suitable to contain a lease and an analysis of the sale with a view to understanding the main clauses relevant to IFRS 16.

  The Company has decided to apply the principle using the amended retrospective method, recognising the cumulative impact resulting from the application of the standard in shareholders' equity at 1 January 2019, in accordance with the provision of paragraphs C7-C13 of IFRS 16. More specifically, with regard to lease contracts previously classified as operating, the Company will recognise:

  - a financial liability, corresponding to the present value of residual future payments on the transition date, discounted by using, for each contract, the incremental borrowing rate applicable on the transition date of around Euro 0.2 million;

- a usage right equal to the value of the financial liabilities on the transition date, net of any accrued income and prepaid expenses/accrued liabilities and deferred income relating to the lease and recognised in the statement of financial position on the reporting date of these financial statements, corresponding to around Euro 0.2 million.

These impacts are determined by contracts in force at 1 January 2019, mainly relating to long-term property leases and to leases for company cars used by personnel. The transition to IFRS 16 introduces several elements of professional judgment, which entail defining certain accounting policies and using assumptions and estimates relating to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- Lease term. The Company has analysed all lease contracts, defining the lease term for each of them, given by the "non-cancellable" period together with any clauses relating to extension or early termination, the exercise of which has been deemed as reasonably certain. More specifically, for property, said valuation has considered the facts and circumstances specific to each asset. With regard to the other categories of assets, mainly company cars and equipment, the Company has generally deemed the exercise of any extension or early termination clauses as unlikely given the practices usually following by the Company;
- Definition of the incremental borrowing rate. As the majority of the contracts entered into by the Company there is not an embedded interest rate, the discounting rate to be applied to the future payments of instalments has been established as the risk-free rate of each country in which the contracts have been entered into, with expiries relative to the term of the specific contract, increase of the Group's specific credit spread.

Reconciliation with lease commitments

To facilitate the understanding of the impact resulting from the first-time application of the standard, the following table, whose values are shown in thousands of Euro, provides a reconciliation of future commitments relating to lease contracts and the expected impact of the adoption of IFRS 16 at 1 January 2019.

Description	Impact on transition date 1 January 2019
ASSET	
Commitments for operating leases at 31 December 2018	162
Gross value of liabilities resulting from leases at 1 January 2019 - before the application of IFRS 16	**162**
Discounting	(3)
Liabilities resulting from leases at 1 January 2019 - before the application of IFRS 16	**159**
Present value of financial leases at 31 December 2018 former IAS 17	0
Liabilities resulting from leases at 1 January 2019	**159**

- On 12 October 2017, the IASB published an amendment to **IFRS 9 "Prepayment Features with Negative Compensation"** This document specifies that instruments which envisage an early repayment could respect the "SPPI" (Solely Payments of Principal and Interest) test also in the event in which the reasonable additional compensation payable in the case of early repayment is a negative compensation for the lender. The amendment is applicable from 1 January 2019, although early adoption is permitted.

The directors do not expect the adoption of these amendments to have a significant impact on the Parent Company's financial statements.

- On 7 June 2017, the IASB published interpretation IFRIC 23 – **"Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)**". The interpretation tackles the topic of uncertainty over the tax treatment to adopt as regards income taxes. More specifically, the interpretation requires an entity to analyse uncertain tax treatments (individually or as a whole, depending on their characteristics) always assuming that the tax authority will examine the tax position in question, with full knowledge of all relevant information. In the event that an entity deems it unlikely that the tax authority will accept the tax treatment adopted, the entity must reflect the effect of the uncertainty when calculating its current and deferred income taxes. Furthermore, the document does not contain any new disclosure obligation but emphasises that the entity must establish whether it is necessary to provide information on the considerations made by management and regarding the uncertainty on the accounting treatment of taxes, in accordance with the provisions of IAS 1.

  The new interpretation is applicable from 1 January 2019, although early adoption is permitted.

  The directors do not expect the adoption of these amendments to have a significant impact on the Parent Company's financial statements.

2.7 IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the reference date of these Financial Statements, the competent bodies of the European Union have not yet completed the endorsement process required for adoption of the amendments and standards illustrated below.

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts, which will replace IFRS 4 - Insurance Contracts.**

  The objective of the new standard is to ensure that an entity provides pertinent information that truthfully represents the rights and obligations under the insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in the existing accounting standards, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds. The new standard also envisages requirements for presentation and disclosure to improve the comparability of entities belonging to this sector. The new standard measures an insurance contract on the basis of a General Model or a simplified version of the same, called Premium Allocation Approach ("PAA").

  The main characteristics of the General Model are:

  – the estimates and the assumptions of future cash flows are always current ones;

  – the measurement reflects the temporary value of money;

  – the estimates envisage the extensive use of information that can be observed in the market;

  – there is a current and explicit measurement of the risk;

  – the expected profit is deferred and aggregated in groups of insurance contracts at the time of initial recognition; and

– the expected profit is recognised in the contractual period covered, taking adjustments resulting from changes in assumptions relating to the financial cash flows of each group of contracts into account.

The PAA approach envisages the measurement of the liabilities for the residual coverage of a group of insurance contracts on condition that, at the time of initial recognition, the entity envisages that this liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically suited to the PAA approach. The simplification results from the application of the PAA method does not apply to the measurement of liabilities for existing claims, which are measured with the General Model. However, it is not necessary to discount cash flows where the balance to be paid or collected is expected to be made within one year from the date on which the claim was made.

The entity must apply the new standard to insurance contracts issued, including re-insurance contracts issued, re-insurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

The standard is applicable from 1 January 2021, although early adoption is permitted only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

The directors do not expect the adoption of these amendments to have a significant impact on the Parent Company's financial statements.

- On 12 October 2017, the IASB published a document entitled **"Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)".** This document clarifies the need to apply IFRS 9, including the requirements relating to impairment, to other long-term interests in associates and joint ventures to which the equity method does not apply. The amendment is applicable from 1 January 2019, although early adoption is permitted.

  The directors do not expect the adoption of these amendments to have a significant impact on the Parent Company's financial statements.

- On 12 December 2017, the IASB published a document entitled **"Annual Improvements to IFRSs: 2015-2017 Cycle"** which summarises the changes to several standards as part of the annual process to improve the same. The main changes regard:

  – IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that represents a joint operation, it must remeasure previously held interests in said business. Instead, this process is not envisaged if joint control is obtained.

  – IAS 12 Income Taxes: the amendment clarifies that all of the tax effects linked to dividends (including payments on financial instruments classified under equity) must be accounted in a consistent manner with the transaction that generated said profits (income statement, OCI or equity).

  – IAS 23 Borrowing costs: the amendment clarifies that in the case of loans that are still in place even after the qualifying asset in question is ready to use or to sell, the same become part of the set of loans used to calculate the borrowing costs.

  The amendments are applicable from 1 January 2019, although early adoption is permitted.

  At present, the directors are assessing the potential impact that the introduction of these amendments would have on the Parent Company's financial statements.

- On 7 February 2018, the IASB published a document entitled **"Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)**". The document clarifies how an entity must record a change (i.e., a curtailment or a settlement) in a defined benefits plan. The amendments require an entity to update its hypotheses and again measure the net asset or liability arising from the plan. Amendments clarify that after the occurrence of such an event, an entity must use updated hypotheses to measure the current service cost and interest for the rest of the reference period subsequent to the event.

At present, the directors are assessing the potential impact that the introduction of these amendments would have on the Parent Company's financial statements.

- On 22 October 2018, the IASB published a document entitled **"Definition of a Business (Amendments to IFRS 3)**". The document provides some clarifications on the definition of business for the correct application of IFRS 3. In particular, the amendment clarifies that while a business usually generates an output, the presence of an output is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to meet the definition of a business, an integrated set of activities/processes and assets must include, at least one input and one substantial process that together contribute to the ability to create output in a substantial manner. To this end, the IASB replaced the term "ability to create output" with "ability to contribute to creating output" to clarify that a business can exist even without the presence of all of the inputs and processes needed to create an output.

  The amendment also introduced an optional test ("concentration test") for the entity, to determine whether a set of activities/processes and assets purchased is not a business. If the test provides a positive result, the set of activities/processes and goods purchased does not represent a business and the standard does not require further tests. If the test provides a negative result, the entity must conduct further analyses on the assets/processes purchased to identify the presence of a business. To this end, the amendment has added numerous illustrative examples to IFRS 3 to facilitate the understanding of the practical application of the new definition of business in specific cases. The changes are applicable to all business combinations and acquisitions of assets from 1 January 2020, although early adoption is permitted.

  At present, the directors are assessing the potential impact that the introduction of these amendments would have on the Parent Company's financial statements.

- On 31 October 2018, the IASB published a document entitled "**Definition of Material (Amendments to IAS 1 and IAS 8)**" The document introduced a change to the definition of "material" contained in standards IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The purpose of this amendment is to be the definition of "material" more specific and to introduce the concept of "obscured information" alongside the concepts of omitted or erroneous information already present in the two standards being amended. The amendment clarifies that information is "obscured" when it is described in such a way that it has an effect on the primary readers of financial statements that is similar to that which would have been produced if said information would have been omitted or erroneous.

  At present, the directors are assessing the potential impact that the introduction of these amendments would have on the Parent Company's financial statements.

- On 11 September 2014, the IASB published an amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.** This document was published to resolve the current conflict between IAS 28 and IFRS 10. According to IAS 28, the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a stake in the share capital of the latter is limited to the stake held by other investors not involved in the transaction in the joint venture or associate. On the contrary, IFRS 10 envisages the recognition of the entire gain or loss in the case of the loss of control of a subsidiary, even if the entity continues to hold a non-controlling interest in the same, also including the sale or contribution of a subsidiary to a joint venture or associate. The amendments introduced envisage that in a sale/contribution of an asset or of a subsidiary to a joint venture or an associate, the amount of the gain or of the loss to be recognised in the financial statements of the seller/contributor depends on whether or not the assets or the subsidiary sold/contributed constitutes a business, as defined by IFRS 3. If the assets or the subsidiary do represent a business, the entity must recognise the gain or the loss on the entire investment previously held; otherwise, the share of the gain or the loss relating to the interest still held by the entity must be derecognised. At present, the IASB has suspended the application of this amendment.

At present, the directors are assessing the potential impact that the introduction of these amendments would have on the Parent Company's financial statements.

3. Breakdown of the main items of the Statement of Financial Position

Note 1.

Property, plant and equipment

Change in historical cost

	Historical cost 2017	Increases	Decreases	Reclassifications	Write-downs	Historical cost 2018
Plant and machinery	3,514	0	0	0	0	3,514
Other assets	300,002	0	0	0	0	300,002
TOTAL	**303,516**	0	0	0	0	**303,516**

Change in accumulated depreciation

	Accumulated depreciation 2017	Depreciation	Decreases	Reclassifications	Write-downs	Accumulated depreciation 2018
Plant and machinery	3,514	0	0	0	0	3,514
Other assets	295,865	1,514	0	0	0	297,379
TOTAL	**299,379**	**1,514**	0	0	0	**300,893**

Net book value

	Net value 2017	Net value 2018
Plant and machinery	0	0
Other assets	4,137	2,623
TOTAL	**4,137**	**2,623**

The figure for the item other assets includes the following categories:

- ordinary office furniture and machines;
- electronic office machines;
- mobile phones.

No increase/decrease was recorded during the period.

Note 2.

Goodwill

Goodwill

	Balance at 31.12.2017	Increases	Decreases	Impairment Loss	Balance at 31.12.2018
Goodwill	10,170,000	0	0	0	10,170,000
TOTAL	**10,170,000**	**0**	**0**	**0**	**10,170,000**

Goodwill at 31 December 2018 was Euro 10,170 thousand, unchanged with respect to last year.

Impairment testing

The company conducted annual impairment testing on the goodwill recognised in the financial statements in accordance with the provisions of IAS 36, Impairment of assets.

The goodwill recognised at 31 December 2018, after impairment testing, amounted to Euro 10,170 thousand. It relates to a residual part of the goodwill resulting from the acquisition of "CNI Informatica e Telematica S.p.A.", incorporated by the Company in 2002.

Said goodwill, the original value of which was Euro 41,646 thousand, i) was written down over the course of the years by a total of Euro 13,646 thousand, ii) Euro 15 million of which was transferred to the subsidiary Be Eps, following the disposal of the "DMO-BPO business division" in 2017, transferred to Be Solutions following the extraordinary merger of the two companies, iii) Euro 2,830 thousand of which was transferred to Be Solutions as part of the transfer of the "Security & Mobility" BU. The residual value of this goodwill - following the separation and subsequent reallocation of the original value as illustrated above, in line with the reorganisation of the CGUs made in previous years - was allocated to the Consulting CGU insofar as it represents the value of Be Consulting activities, which prior to the above-mentioned reorganisation were considered - just as those transferred to Be Solution - as the development and diversification of the core activities performed by the original BPO/DMO CGU. Therefore for the purpose of the financial statements, said goodwill was impairment tested together with the value of the equity investment in Be Consulting.

In 2018, based on the results of the impairment test and of the relative sensitivity analyses conducted, made with the assistance of an external consultant, the Directors decided not to make any write-down of goodwill.

The aim of the impairment test was to establish the recoverable amount of the Cash Generating Units ("CGU") that represent the Group's activities, by discounting cash flows ("DCF Analysis") as stated in the 2019-2021 Plan. The plans of the individual CGUs considered to estimate their recoverable amount were prepared by management in accordance with the provisions of standard IAS 36, which, to determine the same, requires that the forecast of expected cash flows of activities must be estimated by making reference to their present conditions.

For the purpose of goodwill impairment testing, IAS 36 establishes that the recoverable amount of the CGUs to which the goodwill is allocated must be compared with their net book value. The recoverable amount may be estimated by referring to two value categories: "value in use" and "fair value" less selling costs.

The company opted to estimate the recoverable amount on the basis of the value in use. This criterion entails calculating the recoverable amount of the CGU by discounting (pre-tax) cash flows at a (pre-tax) discount rate.

For further details on the impairment test conducted for the purpose of the consolidated financial statements, in which the goodwill recognised in these financial statements has been tested together with the "Consulting" CGU, please refer to the notes to the consolidated financial statements. The Directors report that the recoverable amount of goodwill is sensitive to variances with respect to the basic assumptions used to prepare the 2019-2021 Plan, such as the revenue and profit (loss) expected to be recorded.

Sensitivity to changes in assumptions

Due to the uncertainty relating to the occurrence of any future event, both in terms of whether said event will actually occur and in terms of the extent and timing of the same, the value in use of goodwill is particularly sensitive to potential changes in assumptions and, therefore, the value in use could be lower with respect to the results of the impairment test, if the following assumptions change:

- achievement of forecast revenue: Achieving revenue targets, beyond the actions envisaged by management, is also related to market demand, to the renewal and/or award of tenders envisaged and to the successful development of other activities envisaged or in progress;
- achieving the normalised level of profitability and maintaining said level of profitability beyond the period of the 2019-2021 Business Plan; in particular, note that a significant portion of the value in use of goodwill is related to this assumption;
- discount rates: the discount rate used is based on external market parameters and therefore the fact that the current macroeconomic crisis could worsen, or that there may be a slowdown of the expected recovery also have to be taken into account as they could have a significant influence on the same, resulting in a change to those used herein.

For further details on sensitivity analyses, please refer to the content of the Notes to the consolidated financial statements.

Note 3.

Intangible assets

Change in historical cost

	Historical cost 2017	Increases	Decreases	Other changes	Write-downs	Historical cost 2018
Concessions, licences and trademarks	1,500	9,500	0	0	0	11,000
TOTAL	**1,500**	**9,500**	**0**	**0**	**0**	**11,000**

Change in accumulated amortisation

	Accumulated amortisation 2017	Amortisation	Decreases	Other changes	Write-downs	Accumulated amortisation 2018
Concessions, licences and trademarks	500	3,667	0	0	0	4,167
TOTAL	**500**	**3,667**	**0**	**0**	**0**	**4,167**

Net book value

	Net value 2017	Net value 2018
Concessions, licences and trademarks	1,000	6,833
TOTAL	**1,000**	**6,833**

Intangible assets rose in FY 2018 by Euro 9 thousand following the purchase of new licences for Talentia software.

Note 4.

Equity investments in subsidiaries

Equity investments in subsidiaries amount to Euro 34,199 thousand and are summarised in the following table.

Equity investments in subsidiaries

	31.12.2017	Increases	Decreases	31.12.2018
Be Solutions S.p.A.	27,816,273	0	0	27,816,273
Be Consulting S.p.A.	6,377,672	0	0	6,377,672
Be Romania Srl	5,019	0	0	5,019
TOTAL	**34,198,964**	**0**	**0**	**34,198,964**

- **Be Consulting Think, Project & Plan S.p.A.**

  Be Consulting is a company incorporated in Italy at the end of 2007, with registered offices in Rome, and a share capital of Euro 120,000 of which Be S.p.A. holds 100% at 31 December 2018.

  Be Consulting operates in the sphere of management consulting and reorganisation, mostly addressed to the world of finance.

  Be Consulting aims to serve the largest public and private sector companies in Italy in the Financial Institution, Telecom and Utilities markets.

- **Be Solutions Solve, Realize & Control S.p.A.**

  Incorporated in Italy with a Share Capital of Euro 7,548,441, 100% of which is held by Be S.p.A., this company operates in the sphere of Information Technology.

- **Be Think Solve Execute Ro S.r.l**

  Be Think Solve Execute Ro S.r.l. is a company incorporated in Romania, with registered offices in Bucharest. Be S.p.A. holds 100% of the share capital, corresponding to RON 22,000.00 (equivalent to Euro 5,000) broken down into 2,200 shares with a face value of RON 10 each, wholly held by Be S.p.A..

The table below summarises the equity investments held:

Company	Registered office	Share Capital	Shareholders' Equity at 31.12.2018	Net profit for the Year at 31.12.2018	Interest held	Value attributed to financial statements at 31.12.2018	Shareholders' Equity pro rata difference and value attributed to the financial statements
Be Consulting S.p.A.	Rome	120,000	15,012,787	4,839,873	100%	6,377,672	8,635,115
Be Solutions S.p.A.	Rome	7,548,441	11,361,006	2,851,526	100%	27,816,273	(16,455,267)
Be Romania	Bucharest	4,717	641,357	68,291	100%	5,019	636,338

The differences between the book value of the equity investment and the share of shareholders' equity pertaining to the Parent Company are due to goodwill and/or assets recorded at the time of acquisition.

Note that the value of the equity investments recognised in the financial statements of the Parent Company have been impairment tested in accordance with the provisions of IAS 36.

More specifically, the impairment test and the relative estimates were conducted:

- by estimating the value in use of the individual equity investments based on the unlevered discounted cash flow, namely by first establishing the enterprise value and then by subtracting the net financial position of each sub-holding calculated on a sub-consolidated base from said value;
- by discounting the unlevered after-tax cash flows relating to each sub-holding, as a function of the relative weighted average cost of capital (WACC) and in particular the after-tax discount rate used for the equity investment in Be Solutions was 9.71% and for Be Consulting 9.71%;
- by separately assessing the flows that show different risk profiles;
- by comparing the value in use calculated in this way with the book value of the operating equity investments recognised in the separate financial statements of the Parent Company at 31 December 2018;
- and by conducting a sensitivity analysis on the value in use with regard to changes in the underlying assumptions.

With regard to the sensitivity analyses relating to the Impairment test on the equity investments, note that the after-tax discount rates that render the book value of the equity investments equal to their value in use are respectively:

- 14.13% with regard to the equity investment in Be Solutions.

With regard to the equity investment in Be Consulting, the value in use of the equity investment was significantly higher than the book value. Therefore, the disclosure of the breakeven WACC is not significant. For the sake of completeness, the value in use was also calculated at consolidated level, in order to verify the solidity of the values in relation to the Group's entire net invested capital. The result of this was a value in use higher than the book value of the net invested capital.

Note 5.

Loans and other non-current assets

Other non-current receivables

	Balance at 31.12.2018	**Balance at 31.12.2017**
Guarantee deposits	6,000	6,000
Other non-current receivables	556,222	556,222
TOTAL	**562,222**	**562,222**

Euro 6 thousand of receivables and other non-current assets refer to guarantee deposits and Euro 556 thousand to receivables due from Bassilichi, with which a dispute is currently underway; a payable of the same amount has been recognised in non-current liabilities against the latter receivable for the fines received in 2009. For further details, please refer to note 17.

Note 6.

Deferred tax assets

Deferred tax assets

	Balance at 31.12.2017	Increases	Decreases	Other changes	Balance at 31.12.2018
Deferred tax assets	3,664,329	0	(2,036,075)	15,351	1,643,605
TOTAL	**3,664,329**	**0**	**(2,036,075)**	**15,351**	**1,643,605**

Deferred tax assets in the financial statements are recognised on the assumption that the same can be reasonably recovered and mainly refer to previous tax losses, write-downs of receivables and emoluments of directors that are expected to be recovered against future taxable income. More specifically, the recoverability of deferred tax assets is based on the taxable income forecast for the companies covered by the tax consolidation scheme for the period relating to the 2019-2021 Plan. Deferred tax assets are calculated using the tax rates in force from 1 January 2018 (IRES 24% and IRAP 3.9%-4.82%).

Note 7.

Trade receivables

Trade receivables

	Balance at 31.12.2018	Balance at 31.12.2017
Receivables due from customers	668,062	1,130,230
Bad debt provision for receivables due from customers	(143,000)	(411,745)
Receivables due from Group Companies	3,737,207	3,893,933
TOTAL	**4,262,269**	**4,612,418**

Trade receivables amount to:

- Euro 3,737 thousand due from Group companies, mainly relating to management fees;
- Euro 668 thousand for transactions relating to goods or services produced or provided by the company in Italy, which include a receivable of Euro 665 thousand related to Bassilichi, with whom legal proceedings are already underway, as mentioned earlier. For this reason, in 2016, it was considered appropriate to prudentially allocate Euro 140 thousand to the bad debt provision.

Note that in 2017, the Parent Company had acquired a receivable of Euro 462 thousand from A&B S.p.A. in liquidation, and the relative bad debt provision of Euro 269 thousand from the Town Council of Augusta. In October 2018, the Parent Company accepted a settlement proposal from the Town Council of Augusta, which envisaged a payment of a maximum amount of Euro 249 thousand collected in November 2018. Therefore, during the year under analysis, Euro 213 thousand of the provision was used and at the same time Euro 56 thousand was released for receivables that were no longer recoverable.

The amount of trade receivables recognised in the financial statements is shown net of the bad debt provision of Euro 143 thousand, allocated in order to adjust the face value of receivables to their presumed recoverable amount. The changes in the bad debt provision are illustrated below:

Bad debt provision

	Balance at 31.12.2018	Balance at 31.12.2017
Opening balance	411,745	444,080
Allocations	0	0
Uses/releases	(268,745)	(32,335)
TOTAL	**143,000**	**411,745**

Comments on the way in which credit risk is managed are contained in paragraph 5.5.

Note 8.

Other assets and receivables

Other assets and receivables

	Balance at 31.12.2018	Balance at 31.12.2017
Advances to suppliers for services	120	24,400
Receivables due from employees	5,000	69,169
VAT credits and other indirect taxes	174,165	185,103
Accrued income and prepaid expenses	70,730	58,761
Other receivables due from Group companies	12,146,557	9,714,404
TOTAL	**12,396,572**	**10,051,837**

The item Other receivables due from Group companies mainly represents the receivable due from subsidiaries under the tax consolidation scheme.

Note 9.

Direct tax receivables

Direct tax receivables

	Balance at 31.12.2018	Balance at 31.12.2017
Receivables from IRES refunds	46,673	46,673
TOTAL	**46,673**	**46,673**

Receivables from IRES refunds refers to a credit acquired by the Company in 2017 from the subsidiary A&B S.p.A. in liquidation and relating to a refund request for a prior credit situation.

Note 10.

Financial receivables and other current financial assets

Financial receivables and other current financial assets

	Balance at 31.12.2018	Balance at 31.12.2017
Financial receivables due from Group Companies	19,436,234	22,915,779
TOTAL	**19,436,234**	**22,915,779**

This item is entirely comprised by receivables due from subsidiaries amounting to Euro 19,436 thousand relating to the centralised treasury activities of the Parent Company, net of any write-downs. More specifically, note that in 2018, a credit position vis-à-vis a subsidiary was written down for Euro 738 thousand.

Note 11.

Cash and cash equivalents

Cash and cash equivalents

	Balance at 31.12.2018	Balance at 31.12.2017
Bank and postal deposits	25,712,934	14,883,979
Cash at bank and in hand	107	168
TOTAL	**25,713,041**	**14,884,147**

The balance represents cash held in current accounts at banks and post offices, and cash on hand at 31 December 2018.

Note 12.

Shareholders' Equity

Share Capital and Reserves

At 31 December 2018 Be S.p.A.'s fully paid-up share capital totalled Euro 27,109,165, divided into 134,897,272 ordinary shares with no face value. Be S.p.A.'s shares are traded in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA) organised and managed by Borsa Italiana S.p.A. Note that in 2013, the share capital increase entailed the full subscription of the 65,719,176 newly-issued ordinary shares, at a placement price of Euro 0.19 for each new share, of which Euro 0.10 to be allocated to Share Capital, with a total counter value of Euro 12,486,643.44, of which Euro 6,571,917.60 to Share Capital and Euro 5,914,725.84 to the Share Premium Reserve.

On 26 April 2018, the Shareholders' Meeting approved the Financial Statements at 31 December 2017 of Be S.p.A., resolving to allocate Euro 64,977.71 of the Euro 1,299,554.13 profit for the year to the Legal Reserve and the remainder of Euro 1,234,576.42 to Profit carried forward, and to distribute a gross dividend totalling Euro 2,697,945.44, amounting to Euro 0.020 per share, drawing on the Profit carried forward for Euro 1,234,576.42 and the Extraordinary reserve for the remaining 1,463,369.02. The payment date of the dividend was 23 May 2018 - coupon no. 8 date of 21 May 2018 and record date of 22 May 2018.

Reserves amount to Euro 14,204 thousand and are comprised by:

- the "legal reserve" of Euro 454 thousand, which shows an increase of Euro 65 thousand following the allocation of the profit from 2017;
- the "extraordinary reserve" of Euro 1,687 thousand, which shows a net decrease of Euro 1,463 thousand following the distribution of dividends of FY 2017;
- the residual "share premium reserve" of Euro 15,168 thousand which did not change in 2018;
- other negative reserves of Euro 740 thousand for expenses directly recognised under shareholders' equity, relating to costs for share capital increases of Euro 606 thousand, the recognition of IRS hedging derivatives on loans of Euro 74 thousand and the impact of post-employment benefits under IAS 19 of Euro 60 thousand.
- the negative reserve for own shares purchased in 2018 of Euro 2,366 thousand.

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

Shareholders

	Nationality	No. of Shares	% Ordinary capital
Tamburi Investment Partners S.p.A.	Italian	31,582,225	23.41
iFuture Power in Action S.r.l.	Italian	13,519,265	10.02
Axxion S.A.	Luxembourg	13,476,237	9.99
Stefano Achermann	Italian	7,771,132	5.76
LOYS Investment S.A.	Luxembourg	6,893,251	5.11
Be Think Solve Execute S.p.A	Italian	2,697,975	2.00
Float		58,957,187	43.71
Total		**134,897,272**	**100.00**

Items of Shareholders' Equity are classified according to origin, possibility of utilisation, possibility of distribution and utilisation in the last three years:

Nature/Description	Amount	Possibility of utilisation (*)	Share available	Utilisation in past three years to cover losses	Utilisation in past three years for other reasons
Share	27,109,165				
Reserve of own shares purchased	(2,365,955)				
Share premium reserve	15,168,147	A,B	15,168,147		
Legal reserve	454,304	A,B	454,304		
Extraordinary reserve	1,687,354	A,B,C	1,687,354		
Other reserves	(740,050)				
Total	**41,312,965**		**17,309,805**		
Non-allocatable quota			15,622,451		
Residual allocatable quota			1,687,354		

Key: ***A:*** *for share capital increase* ***B:*** *to cover losses* ***C:*** *for distribution to shareholders*

Stock option plans

The company has no stock option plans.

Treasury shares

Note that on 26 April 2018, an ordinary and extraordinary session of the Shareholders' Meeting of Be, was held, on second call, resolving, among other things, to approve, on the proposal of the Board of Directors, the plan to purchase and sell the Company's ordinary shares, in one or more than one tranche, on a rotational basis, up to the maximum number permitted by law (at present represented by a number of shares not exceeding 20% of share capital), to be determined also in accordance with the legal and regulatory provisions in force at the time and the share capital in hand at the time of each purchase. The duration of the purchase plan has been set as 18 months from the date of approval of the Shareholders' Meeting. With regard to the purchase and disposal of own shares, the second phase of the own shares purchase plan whose launch was disclosed to the market on 24 May 2018 was completed on 31 December 2018. At 31 December 2018, the company had 2,697,975 ordinary shares in its portfolio, recognised as a deduction from shareholders' equity for Euro 2,365,955.

Note 13.

Financial payables and other non-current financial liabilities

Non-current financial payables of around Euro 15,418 thousand refer mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months.

Financial payables and other non-current liabilities

	Balance at 31.12.2018	Balance at 31.12.2017
Non-current-financial payables to banks	15,418,268	12,020,559
TOTAL	**15,418,268**	**12,020,559**

The medium and long term loans outstanding at 31 December 2018 and relative maturities were as follows:

M/L term loans	Balance at 31.12.2018	<1 year	>1<2 Years	>2<3 Years	>3<4 years	>4 years
Loans maturing in 2019	1,129,439	1,129,439	0	0	0	0
Loans maturing in 2020	5,259,337	3,292,356	1,966,981	0	0	0
Loans maturing in 2021	8,961,043	3,359,924	3,386,384	2,214,736	0	0
Loans maturing in 2022	0	0	0	0	0	0
Loans maturing in 2023	10,000,000	2,198,627	2,211,665	2,225,076	2,238,467	1,126,164
TOTAL LOANS	**25,349,819**	**9,980,346**	**7,565,030**	**4,439,812**	**2,238,467**	**1,126,164**

During 2018, Be S.p.A. entered into new medium-long term loans totalling Euro 14,000 thousand, while the repayments made during the year on medium-long term loans amounted to Euro 8,756 thousand.

Long-term financial payables include the negative impact of the joint application of the amortising cost and of the fair value of the IRS contracts to hedge the risk of an increase of the interest rate on a variable interest rate loan granted in 2015 and on a second variable interest rate loan granted in 2018, for a total of Euro 49 thousand.

As regards 2018, the covenants on several loans were respected. Note that the fair value of the above loans is essentially in line with their book value. The lending terms represent terms negotiated at different times and which mirror the loan duration, any guarantees given, market conditions and the Group's credit rating at the date of signing.

Note 14.

Provisions for future risks and charges

Provisions for risks and charges recorded the following changes during the year:

Provisions for future risks and charges

	Balance at 31.12.2017	Increases	Decreases	Balance at 31.12.2018
Provision for LT personnel risks	41,078	0	(5,000)	36,078
Other provisions for risks and charges	1,683,023	1,590,000	(451,023)	2,822,000
TOTAL	**1,724,101**	**1,590,000**	**(456,023)**	**2,858,078**

Euro 5 thousand of the provision for personnel risk of Euro 36 thousand at 31 December 2018, was used for conciliations with employees during the year.

Then balance of "Other provisions for risks and charges" is Euro 2,822 thousand. The increase for the year of Euro 1,590 thousand relates to provisions for variable emoluments of executive directors and key partners to be paid for the achievement of the three-year objectives established in the 2017-2019 business plan.

The decrease for the year of Euro 451 thousand refers to the closure of the long-standing dispute between KS Italia and Be Solutions, following the settlement agreement signed in the year.

Note 15.

Post-employment benefits

Post-employment benefits (TFR)

	Balance at 31.12.2017	Utilisation	Increases	Actuarial losses (profit) recognised	Balance at 31.12.2018
Post-employment benefits (TFR) provision	173,100	(3,359)	2,229	(3,665)	168,305
TOTAL	**173,100**	**(3,359)**	**2,229**	**(3,665)**	**168,305**

The decrease of Post-employment benefits (TFR) of Euro 5 thousand is due to:

- the increase due to allocations of Euro 2 thousand;
- the use for Post-employment benefits of Euro 3 thousand;
- the decrease resulting from the actuarial effect for IAS 19R 2018 purposes of around Euro 4 thousand.

The liability recognised in the financial statements breaks down as follows:

	Balance at 31.12.2018
Present value of the obligation	171,970
Actuarial (loss)/profit recognised under other comprehensive income	(3,665)
Liability recognised in the financial statements	168,305

The cost relating to the liability breaks down as follows:

	FY 2018
Interest expense	2,228
Reductions and redemptions	0
Social security cost of past services	0

The assumptions used to determine the Post-Employment Benefit obligation were:

Main Actuarial Assumptions	Percentage
Annual discount rate	1.57%
Annual inflation rate	1.50%
Annual rate increase in post-employment benefits	2.63%
Annual increase in remuneration	1.00%
Frequency of benefit advances/no. of years' service	2.00%
No. of years’ service/annual turnover rate: up to 10 years	4.00%
No. of years’ service/annual turnover rate: from 10 to 30 years	4.00%
No. of years' service/annual turnover rate: over 30 years	6.00%

The additional information required by IAS 19, as amended, is shown below:

- sensitivity analysis:

changes in assumptions							
Company	*TFR*	*turnover rate*		*inflation rate*		*discounting rate*	
		+1%	*-1%*	*+ 1/4 %*	*- 1/4 %*	*+ 1/4 %*	*- 1/4 %*
Be S.p.A.	168,305	167,657	169,046	170,642	166,017	164,653	172,105

Indication of the contribution to the next year* and the average financial duration of the obligation for defined benefit plans:

Company	Service Cost	Duration of the plan
Be S.p.A.	0	9.5

*The service cost is zero, in application of the approach adopted by the Company with an average of at least 50 employees over the course of 2006.

The average number of employees in 2018, broken down by category, is illustrated in the following table:

Description

	Average number current year	Average number previous year
Executives	8	7
Middle managers	11	8
White-collar staff	27	31
Apprentices	1	2
Interns	0	0
Total	**47**	**48**

Note 16.

Deferred tax liabilities

Deferred tax liabilities

	Balance at 31.12.2017	Increases	Decreases	Reclassification	Balance at 31.12.2018
Deferred tax liabilities	2,930,994				2,930,994
TOTAL	**2,930,994**	**0**	**0**	**0**	**2,930,994**

The nature of deferred tax liabilities is broken down in the table below:

Breakdown of deferred tax liabilities	**2017**		**2018**	
(amounts in EUR thousands)	**Temporary difference**	**Tax**	**Temporary difference**	**Tax**
Goodwill	10,170	2,931	10,170	2,931
TOTAL	**10,170**	**2,931**	**10,170**	**2,931**

During the year, no provisions for deferred tax liabilities were made. For further details, please refer to note 31.

Note 17.

Other non-current liabilities

Other non-current liabilities

	Balance at 31.12.2018	Balance at 31.12.2017
Other non-current liabilities	556,222	556,222
TOTAL	**556,222**	**556,222**

Other non-current liabilities of Euro 556 thousand refer to the payable for penalties received from Bassilichi in 2009, which the Company has fully disputed, and for which a receivable for the same amount has been recognised, see note 5.

Note 18.

Financial payables and other current financial liabilities

	Balance at 31.12.2018	Balance at 31.12.2017
Financial payables to banks	19,219,561	10,968,988
Financial payables to Group Companies	14,830,783	16,013,550
Other financial payables	112,326	32,110
TOTAL	**34,162,670**	**27,014,648**

Current payables to banks are mainly comprised by Euro 9,980 thousand representing the short-term portion of loans with a medium and long-term maturity, Euro 6,556 thousand relating to two short-term loans from banks, of which the first short-term loan of Euro 1,556 thousand is to be repaid by March 2019 and the second of Euro 5,000 thousand is to be repaid in a lump-sum by October 2019, Euro 2,408 thousand in accounts payable to suppliers and Euro 276 thousand in advances on invoices.

Financial payables to other Group companies amount to Euro 14,831 thousand; these payables regard Cash-pooling arrangements and reciprocal accounts set up by the Parent Company with Group companies in order to optimise treasury management at Group level. Other financial payables of Euro 112 thousand refer mainly to interest accrued and not collected on Cash-pooling arrangements and internal reciprocal accounts.

Net financial indebtedness

The net financial indebtedness at 31 December 2018 was around Euro 4,432 thousand compared to around Euro 1,235 thousand at 31 December 2017; the breakdown is shown below. For comments on individual items, please refer to the content of notes 10, 11, 13 and 18 above.

Net Financial Position

		31.12.2018	31.12.2017	Δ	Δ%
	Cash and cash equivalents at bank	25,713,041	14,884,147	10,828,894	72.7%
A	**Cash and cash equivalents**	**25,713,041**	**14,884,147**	**10,828,894**	**72.7%**
B	**Current financial receivables**	**19,436,234**	**22,915,779**	**(3,479,545)**	**(15.2%)**
	Current bank payables	(9,310,959)	(2,911,642)	(6,399,317)	n.a.
	Current share of medium/long-term indebtedness	(9,980,346)	(8,089,456)	(1,890,890)	23.7%
	Other current financial payables	(14,871,365)	(16,013,550)	1,142,185	(7.1%)
C	**Current financial indebtedness**	**(34,162,670)**	**(27,014,648)**	**(7,148,022)**	**26.4%**
D	**Current Net Financial Position (A+B+C)**	**10,986,605**	**10,785,278**	**201,327**	**1.9%**
	Non-current bank payables	(15,418,268)	(12,020,559)	(3,397,709)	28.3%
E	**Non-current Net Financial Position**	**(15,418,268)**	**(12,020,559)**	**(3,397,709)**	**28.3%**
F	**Net financial position (D+E)**	**(4,431,663)**	**(1,235,281)**	**(3,196,382)**	**n.a.**

With regard to the table above, note that:

- current financial receivables entirely relate to receivables due from subsidiaries;
- Euro 19,291 thousand of current payables refer to current payables to the banking system, of which Euro 276 thousand for drawdowns of short-term credit facilities in the form of bank advances, Euro 8,964 thousand for drawdowns of short-term credit facilities in the form of accounts payable to suppliers and short-term loans, Euro 71 thousand to interest accrued and not collected as at 31 December 2018 and Euro 9,980 thousand relating to the portion of existing medium to long-term loans maturing in the following year;
- other current financial payables include Euro 14,831 thousand in payables to subsidiaries and Euro 40 thousand to other current financial payables;
- non-current bank payables corresponding to Euro 15,418 thousand refer to the portion of existing loans that is due beyond the next financial year totalling Euro 15,369 thousand, net of the negative

impact of the application of the amortising cost and of the valuation of the derivative totalling around Euro 49 thousand.

The effects of the amendments to international accounting standard IAS 7 made by the publication of the document "Disclosure Initiative (Amendments to IAS 7)".

(Amounts in EUR thousands)	**31.12.2017**	**Cash Flow[1]**	**Non-monetary flows**				**31.12.2018**
			Change in Scope of Consolidation[2]	**Exchange rate differences**	**Change in Fair Value**	**Other changes**	
Non-current financial indebtedness	(12,020,559)	(3,397,709)	0	0	0	0	(15,418,268)
Current financial indebtedness	(27,014,648)	(11,648,022)	0	0	0	4,500,000	(34,162,670)
Current financial receivables	22,915,779	(5,911,092)	0	0	0	2,431,547	19,436,234
Net liabilities resulting from financing activities	**(16,119,428)**	**(20,956,823)**	**0**	**0**	**0**	**6,931,547**	**(30,144,704)**
Cash and cash equivalents	14,884,147	10,828,894	0	0	0	0	25,713,041
Net financial indebtedness	**(1,235,281)**	**(10,127,929)**	**0**	**0**	**0**	**6,931,547**	**(4,431,663)**

Note 19.

Trade payables

Trade payables

	Balance at 31.12.2018	**Balance at 31.12.2017**
Trade payables	528,490	377,328
Payables to Group Companies	1,404,011	627,002
Payables to other Related Parties	23,737	23,992
TOTAL	**1,956,238**	**1,028,322**

Trade payables arise from the purchase of goods or services in Italy with payment due within 12 months. These amounts refer essentially to the services and equipment supplied, as well as to lease instalments and maintenance charges.

[1] Flows shown in the Statement of Cash Flows.
[2] For acquisition/disposal transactions, please refer to paragraph 2.13 "Business Combinations in the reporting period".

Note 20.

Tax payables

Tax payables

	Balance at 31.12.2018	Balance at 31.12.2017
IRES tax payables	361,046	29,480
TOTAL	**361,046**	**29,480**

At 31 December 2018, the Company's debt towards the Tax Authorities for current taxes relating to IRES was Euro 361 thousand.

Note 21.

Other liabilities and payables

Other liabilities and payables

	Balance at 31.12.2018	Balance at 31.12.2017
Social security and welfare payables	162,919	165,661
Payables to employees	195,446	451,154
Payables for VAT and withholding tax	103,176	188,407
Accrued expenses and deferred income	25,218	14,365
Other payables	6,499,402	6,920,597
Other payables to Group Companies	0	1,468,416
TOTAL	**6,986,161**	**9,208,600**

Social security and welfare payables relate to contributions that the company will pay to the Tax Authority the following year, while payables to employees include amounts due to employees for the accrued portion of leave and permitted absences accrued but not used at 31 December 2018.

Other payables totalling Euro 6,499 thousand mainly include Euro 5 million relating to the guarantee deposit received in relation to the signature of a Framework agreement with a leading bank, amounts due to the Directors of Euro 689 thousand, other payables of Euro 771 thousand relating to variable bonuses to be paid on achievement of the three-year objectives established in the 2018-2020 business plan, and payables for disputes settled of Euro 39 thousand relating to agreements reached with some employees.

4. Breakdown of the main items of the Income Statement

Note 22.

Operating revenue

Operating revenue

	FY 2018	FY 2017
Revenue from Group Companies	4,581,544	4,875,345
TOTAL	**4,581,544**	**4,875,345**

Operating revenue is substantially represented by charges to Subsidiaries for management services rendered at central level (management fees) and royalties on the Be trademark.

Note 23.

Other revenue and income

Other revenue and income

	FY 2018	FY 2017
Other revenue and income	995,272	151,499
Other revenue from Group Companies	1,237,994	564,007
TOTAL	**2,233,266**	**715,506**

Other operating revenue and income from Group Companies refers to centralised purchasing that is recharged to the various Group companies as relevant, while other revenue and income mainly refers to contingent assets.

Note 24.

Raw materials and consumables

Cost of raw materials and consumables

	FY 2018	FY 2017
Purchase of raw materials and consumables	1,696	1,530
TOTAL	**1,696**	**1,530**

This item mainly contains costs related to the purchase of consumables.

Note 25.

Service costs

Service costs

	FY 2018	FY 2017
Outsourced and consulting services	48,154	9,681
Remuneration of directors and statutory auditors	1,728,323	1,600,771
Marketing costs	133,618	145,827
Cleaning, surveillance and other general services	808,442	528,746
Maintenance and support services	18,366	11,007
Utilities and telephone charges	26,784	18,789
Consulting - administrative services	2,044,428	1,228,366
Other services (chargebacks, commissions, etc.)	11,356	17,854
Bank and factoring charges	193,809	206,239
Insurance	108,419	110,607
Rental and leasing	77,759	67,412
Cost of services provided by Subsidiaries	1,909,307	749,241
Cost of services provided by other Related Parties	154,970	92,498
TOTAL	**7,263,735**	**4,787,038**

Service costs amount to Euro 7,264 thousand compared to Euro 4,787 thousand last year.

Fees due to directors and statutory auditors amount to Euro 1,728 thousand; for further details, refer to the specific schedule attached to paragraph 5.8.

Marketing costs amounting to Euro 134 thousand include costs for services relating to Investor Relations.

General services, amounting to Euro 808 thousand, was mostly comprised (Euro 692 thousand) by all of the costs incurred by the Parent Company and subsequently recharged to the various Group companies.

Consulting and administrative services amounting to Euro 2,044 thousand mainly refer to services related to the auditing of accounts, processing wages on an outsourcing arrangement, tax and legal advice as well as specific professional consulting services.

The cost of services provided by Group companies, totalling Euro 1,909 thousand, relate to services provided by other group companies, including therein the secondment of personnel and the portion of leasing costs for registered offices.

The cost of services provided by other related parties refer to the service agreement signed with IR Top, T.I.P. and Talent Garden (refer to note 5.4).

Note 26.

Personnel costs

Personnel costs

	FY 2018	FY 2017
Wages and salaries	2,613,226	2,383,103
Social security contributions	762,111	620,621
Post-employment benefits	162,110	150,011
Other personnel costs	40,503	38,431
TOTAL	**3,577,950**	**3,192,166**

Personnel costs, amounting to Euro 3,578 thousand represent the total cost incurred for employees, including accessory charges, the allocation to Post-employment benefits (TFR) accrued and of that accrued and paid over the year, of company bonuses, as well as accruals of additional month's salaries, holiday leave accrued and not taken at 31 December 2018 and paid absence.

Note 27.

Other operating costs

Other operating costs

	FY 2018	FY 2017
Other operating costs	330,381	147,870
Costs of related party transactions	0	13,200
TOTAL	**330,381**	**161,070**

This item encompasses all costs of a residual nature, such as contingent liabilities, Chamber of Commerce fees, fines, penalties on services provided and operating activities performed and indirect taxes and duties.

Note 28.

Amortisation and depreciation

Amortisation and depreciation

	FY 2018	FY 2017
Depreciation of property, plant and equipment	1,514	1,947
Amortisation of intangible assets	3,667	500
TOTAL	**5,181**	**2,447**

Amortisation and depreciation are calculated according to the deterioration of assets and recognised as a reduction of the value of the individual assets.

Note 29.

Allocations to provisions

Allocations to provisions

	FY 2018	FY 2017
Allocation to other provisions for future risks and charges	1,590,000	1,232,000
TOTAL	**1,590,000**	**1,232,000**

Provisions for the year refer to the estimated emolument that will be paid to Executive directors and key partners on the achievement of the three-year objectives established in the 2017-2019 business plan of Euro 1,590 thousand.

Note 30.

Financial income, Financial expense, Write-downs of financial assets

Financial management income and expense

	FY 2018	FY 2017
Financial income	7,674,508	4,490,569
Financial expense	(423,645)	(412,231)
Write-down of financial assets	(738,329)	0
TOTAL	**6,512,534**	**4,078,338**

The breakdown of financial income and expense is shown below.

Breakdown of financial interest and income

	FY 2018	FY 2017
Interest income from current bank accounts and arrears interest	3,923	5,129
Financial income and Dividends from Group Companies	7,670,585	4,485,440
TOTAL	**7,674,508**	**4,490,569**

Breakdown of financial interest and expense

	FY 2018	FY 2017
Interest expense on current bank accounts	47,022	20,393
Interest expense on factoring and advances on invoices	10,561	4,400
Interest expense on loans	357,761	377,786
Other financial expense	3,669	3,664
Financial expense from Group Companies	4,632	5,988
TOTAL	**423,645**	**412,231**

The financial income from Group companies refers to dividends distributed, in 2018, by the subsidiaries Be Consulting of Euro 4,500 thousand and Be Solutions of Euro 2,600 thousand; financial income from subsidiaries of Euro 571 thousand. The financial charges to the relative Group companies were Euro 5 thousand. The write-downs of financial assets refer to the write-down of a credit position vis-à-vis a subsidiary of Euro 738 thousand.

Note 31.

Current and deferred taxes

Current and deferred taxes

	FY 2018	FY 2017
Current taxes	3,272,005	1,841,604
Adjustments of IRES taxes for previous years	(66,242)	11,135
Deferred tax assets and liabilities	(2,036,076)	(846,123)
TOTAL	**1,169,687**	**1,006,616**

Current taxes in 2018 refers to credit for IRES pertinent to the Parent Company resulting from the adjustments related to the Tax Consolidation scheme of Euro 3,272 thousand. The company and its subsidiaries have jointly adopted the national tax consolidation regime pursuant to art. 117 et seq. of the Consolidated Income Tax Act (TUIR). More specifically, Euro 991 thousand is due to the transfer of the tax losses for the year to consolidated results, Euro 2,278 thousand refers to the transfer of previous tax losses and Euro 3 thousand is income resulting from the transfer of tax expense to the consolidated results. Note that Euro 66 thousand of adjustments of IRES taxes for previous years is the result of the adjustment of the financial statements to bring them in line with 2018 National Tax Consolidation (2017 income) following a new calculation of taxes due to an erroneous ACE calculated at 31 December 2017. Deferred tax assets refer to the use of deferred tax assets of Euro 2,036 thousand.

The table below illustrates the reconciliation of the theoretical tax burden resulting from the financial statements and the theoretical tax burden.

Reconciliation of theoretical tax burden resulting from the financial statements and theoretical (IRES) tax burden

(amounts in EUR)

Description	Amount	Taxes
Profit (loss) before tax	**558,402**	
Theoretical tax burden (%)	**24%**	**134,016**
Temporary differences taxable in future years:		
Amortisation of goodwill	(8,467)	
Temporary differences taxable in future years:	**(8,467)**	**(2,032)**
Temporary differences deductible in future years:		
Services not completed at 31.12.2018	650,007	
Allocations (non-deductible) to provisions for future risks and charges	780,000	
Allocation to bad debt provision	716,256	
Temporary differences deductible in future years:	**2,146,263**	**515,103**
Reversal of temporary differences from previous years:		
Services not completed at 31.12.2018	(616,508)	
Utilisation of other provisions for future risks and charges	(520,000)	
Reversal of temporary differences from previous years:	**(1,136,508)**	**(272,762)**
Differences that will not be reversed in future years:		
Wholly or partially non-deductible costs	2,307,592	
Permanent decreases	(7,995,624)	
Differences that will not be reversed in future years:	**(5,688,032)**	**(1,365,128)**
- Taxable income	**(4,128,342)**	**(990,802)**
Indemnity for tax losses		**3,269,090**
Charge for transferring interest expense		**2,916**
Adjustments on previous years' taxes		**(66,242)**
Current IRES on income for the year		**3,205,764**

Reconciliation of theoretical tax burden resulting from the financial statements and theoretical (IRAP) tax burden

(amounts in EUR)

Description	Amount	Taxes
Difference between value and cost of production	(6,692,462)	
Costs not relevant for IRAP purposes	5,865,776	
Deductible personnel costs	(4,238,459)	
	(5,065,145)	
- Theoretical tax burden (%)	**4.24%**	**(214,772)**
Reversal of temporary differences from previous years:		
Increases	1,344,482	
Decreases	(464,717)	
Reversal of temporary differences from previous years:	**879,765**	**37,304**
- Taxable income for IRAP purposes	**(4,185,379)**	
Current IRAP on income for the year		

The effective rate of the theoretical tax burden of 4.24% is based on the distribution of the value of production by single region.

The following table shows losses recognised, broken down by year incurred:

	2007	2008	2009	2010	2011	Total
Be S.p.A.	0	778	1,331	720	1,436	4,265
TOTAL	**0**	**778**	**1,331**	**720**	**1,436**	**4,265**

The nature of deferred tax assets is mainly broken down in the table below:

	FY 2017		FY 2018	
	Temporary difference	**Tax**	**Temporary difference**	**Tax**
Previous tax losses	13,758	3,302	4,265	1,024
Remuneration of directors	616	148	650	156
Allocation to provisions for future risks and charges	520	125	780	187
Bad Debt provision	0	0	716	172
TOTAL	**14,894**	**3,575**	**6,411**	**1,539**

Furthermore, note that in 2018, 80% of the taxable income accrued under the tax consolidation scheme, amounting to Euro 9,493 thousand, was offset by zeroing previous tax losses recognised under the Company consolidation scheme in 2007 and partially in 2008.

5. Other disclosures

5.1 Potential liabilities and disputes pending

Be Think, Solve, Execute S.p.A. is involved in certain legal proceedings before various judicial authorities brought by third parties, and in labour law disputes relating to dismissals challenged by Company employees. Also on the basis of opinions expressed by its legal advisors, Be has allocated specific provisions totalling Euro 179 thousand, considered sufficient to cover liabilities that could arise from these disputes.

With regard to the dispute with Bassilichi (formerly Saped Servizi S.p.A.), relating to trade receivables due to the company but disputed by the former, note that at this stage of proceedings, there are reasonable grounds that the arguments submitted by Be S.p.A. will be accepted.

5.2 Commitments

At 31 December 2018, the company has guarantees made to third parties to guarantee property rental contracts, or to meet the requirements of public tenders totalling Euro 399 thousand, in the interests of subsidiaries.

5.3 Significant non-recurring events and transactions

In the year under analysis, the Company did not recognise any non-recurring income or charges pursuant to Consob Resolution no. 15519 of 27 July 2006.

5.4 Related Party Transactions

The Company's Board of Directors adopted new "Regulations on Related Parties" on 1 March 2014, replacing those previously approved on 12 March 2010. For further details, this document is published on the Company web site (www.be-tse.it). Note that the Be's Board of Directors has approved a new version of the procedure for transactions with the Company's related parties. The Procedure was changed in order to reflect some changes made by Consob to the Regulation for Related Party Transactions (approved on 22 March 2018) in order to align domestic legislation with that envisaged by the "Market Abuse Regulation".

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

The Be Group's related parties with which economic and equity transactions were recognised at 31 December 2018 are: T.I.P. Tamburi Investment Partners S.p.A. and Ir Top Consulting S.r.l., and Talent Garden S.p.A.

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

With regard to Talent Garden S.p.A., in which the Be Solutions S.p.A. Group holds an investment of 1.67% of the share capital, note that the Chairman of the Board of Directors, Mr. Davide Dattoli was appointed a Board Director of the Parent Company Be S.p.A. by a deed dated 27 April 2017, and the economic transactions performed in the period refer to services provided to several Group companies.

Also note that for the Parent Company Be Spa, related parties are also companies controlled directly and indirectly.

The figures at 31 December 2018 for related party transactions are shown below.

Receivables and payables with related parties at 31 December 2018

	Receivables			Payables		
	Trade receivables	Other receivables	Financial receivables	Trade payables	Other payables	Financial payables
Be Consulting S.p.A.	1,992,620	11,638,051	0	815,492	0	7,006,530
Be Solutions S.p.A.	1,724,787	175,673	14,412,706	459,239	0	0
Iquii Srl	0	153,426	524,667	0	0	0
Juniper Srl	0	0	7,452	0	0	0
Be Poland	0	0	0	0	0	1,554,754
Fimas	0	0	0	0	0	6,089
Paystrat SL	0	0	469,104	0	0	0
i-Be Ltd-Italian Branch	0	179,407	0	0	0	3,858,222
i Be Think Solve Execute Ltd	0	0	3,524,274	0	0	0
Targit GmbH Wien	0	0	498,031	43,093	0	0
Be TSE Switzerland	0	0	0	0	0	2,500
Be Think, Solve Execute GmbH	0	0	0	86,187	0	2,402,688
Be Ukraine	19,800	0	0	0	0	0
Total Group Companies	**3,737,207**	**12,146,557**	**19,436,234**	**1,404,011**	**0**	**14,830,783**
T.I.P. S.p.A.	0	0	0	15,150	0	0
Ir Top S.r.l.	0	0	0	8,587	0	0
Total Other Related Parties	**0**	**0**	**0**	**23,737**	**0**	**0**
TOTAL	**3,737,207**	**12,146,557**	**19,436,234**	**1,427,748**	**0**	**14,830,783**

Receivables and payables with related parties at 31 December 2017

	Receivables			Payables		
	Trade receivables	Other receivables	Financial receivables	Trade payables	Other payables	Financial payables
Be Consulting S.p.A.	2,262,352	9,546,004	0	169,831	0	9,059,523
Be Solutions S.p.A.	1,616,581	0	19,210,046	457,172	1,468,416	0
Iquii Srl	0	100,347	539,246	0	0	0
Be Poland	0	0	0	0	0	322,695
i-Be Ltd-Italian Branch	15,000	68,052	0	0	0	3,926,235
i Be Think Solve Execute Ltd	0	0	2,486,388	0	0	0
Targit GmbH Wien	0	0	0	0	0	1,341,285
Be TSE Switzerland	0	0	0	0	0	2,546
Be Think, Solve Execute GmbH	0	0	0	0	0	1,361,266
Be Sport LTD	0	0	680,099	0	0	0
Total Group Companies	**3,893,933**	**9,714,403**	**22,915,779**	**627,003**	**1,468,416**	**16,013,550**
T.I.P. S.p.A.	0	0	0	18,450	0	0
Ir Top S.r.l.	0	0	0	5,542	0	0
Total Other Related Parties	**0**	**0**	**0**	**23,992**	**0**	**0**
TOTAL	**3,893,933**	**9,714,403**	**22,915,779**	**650,995**	**1,468,416**	**16,013,550**

Revenue and costs with related parties in 2018

	Revenue	Other revenue	Financial income	Services	Other Costs / All. to Provisions	Financial Expense
		Revenue			***Costs***	
Be Consulting S.p.A.	2,559,168	217,908	83,238	1,169,092	0	0
Be Solutions S.p.A.	2,022,376	914,532	252,380	579,978	0	0
Iquii Srl	0	13,518	7,161	118,523	0	0
Juniper Srl	0	0	9	0	0	0
Be Poland	0	7,693	570	0	0	0
Fimas	0	0	3,797	0	0	0
Paystrat SL	0	0	573	0	0	0
i-Be Ltd-Italian Branch	0	15,000	1,206	0	0	4,632
i Be Think Solve Execute Ltd	0	0	115,166	0	0	0
Targit GmbH Wien	0	0	27,137	0	0	0
Be Think, Solve Execute GmbH	0	7,693	56,268	41,714	0	0
Be Ukraine	0	61,650	0	0	0	0
Be Sport LTD	0	0	23,080	0	738,329	0
Total Group Companies	**4,581,544**	**1,237,994**	**570,585**	**1,909,307**	**738,329**	**4,632**
T.I.P. S.p.A.	0	0	0	60,000	0	0
Ir Top Consulting S.r.l.	0	0	0	29,970	0	0
Talent Garden	0	0	0	65,000	0	0
Total Other Related Parties	**0**	**0**	**0**	**154,970**	**0**	**0**
TOTAL	**4,581,544**	**1,237,994**	**570,585**	**2,064,277**	**738,329**	**4,632**

Revenue and costs with related parties in 2017

	Revenue	Other revenue	Financial income	Services	Other Costs/All. to Provisions	Financial Expense
		Revenue			***Costs***	
Be Consulting S.p.A.	2,909,878	64,407	1,685	172,727	0	0
Be Solutions S.p.A.	1,965,467	471,241	281,642	576,514	0	0
Iquii S.r.l.	0	13,359	3,721	0	0	0
Be Poland	0	0	0	0	0	5,941
i Be Ltd-Italian Branch	0	15,000	6,612	0	0	0
i Be Think Solve Execute Ltd	0	0	97,223	0	0	0
Targit GmbH Wien	0	0	8,979	0	0	0
Be TSE Switzerland	0	0	0	0	0	47
Be Think, Solve Execute GmbH	0	0	32,278	0	0	0
Be Sport LTD	0	0	25,671	0	0	0
Total Group Companies	**4,875,345**	**564,007**	**457,811**	**749,241**	**0**	**5,988**
T.I.P. S.p.A.	0	0	0	60,000	13,200	0
Ir Top S.r.l.	0	0	0	32,498	0	0
Total Other Related Parties	**0**	**0**	**0**	**92,498**	**13,200**	**0**
TOTAL	**4,875,345**	**564,007**	**457,811**	**841,739**	**13,200**	**5,988**

Intercompany transactions serve to optimise mutual synergies and achieve economies of scale. The amounts are aligned with arm's length values and refer solely to trade or financial relations as the individual companies each have extensive independence with regard to decisions of an administrative and operational nature.

More specifically, the Company's financial payables and financial receivables due to or from subsidiaries refer mainly to cash pooling transactions.

In 2018, the Parent Company had a Management Fee contract with its subsidiaries regarding services for centralised functions relating to: the corporate area and group coordination, treasury, auditing, tax assistance and planning, services provided by the Parent Company to its subsidiaries.

With regard to the associated companies TIP Tamburi Investment Partners S.p.A. and Ir Top Consulting Srl, the amount of payables relates mainly to the payable for the 2018 balance of invoices to be received.

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, the impact of related party transactions is illustrated below in table format: (amounts in EUR thousands).

STATEMENT OF FINANCIAL POSITION	**2018**	**Absolute value**	**%**	**2017**	**Absolute value**	**%**
Trade receivables	4,262	*3,737*	88%	4,612	*3,894*	84%
Other assets and receivables	12,396	*12,147*	98%	10,052	*9,714*	97%
Financial receivables and other current financial assets	19,436	*19,436*	100%	22,916	*22,916*	100%
Financial payables and other financial liabilities	49,581	*14,831*	30%	39,036	*16,014*	41%
Trade payables	1,956	*1,428*	73%	1,028	*651*	63%
Other liabilities and payables	6,986	*0*	0	9,209	*1,468*	16%
INCOME STATEMENT	**2018**	**Absolute value**	**%**	**2017**	**Absolute value**	**%**
Revenue	4,581	*4,581*	100%	4,875	*4,875*	100%
Other operating revenue	2,233	*1,238*	55%	716	*564*	79%
Service costs	7,264	*2,064*	28%	4,787	*842*	17%
Other operating costs	330	*0*	0%	161	*13*	8%
Allocations to provisions	1,590	*0*	0%	1,232	*0*	0%
Financial income/(expense)	6,513	*(172)*	(3%)	4,078	*452*	11%

The statement of financial position and the income statement below indicate related parties, in accordance with Consob Resolution no. 15519 of 27 July 2006.

Statement of Financial Position

Amounts in EUR	31.12.2018	of which related parties	31.12.2017	of which related parties
NON-CURRENT ASSETS				
Property, plant and equipment	2,623	0	4,137	0
Goodwill	10,170,000	0	10,170,000	0
Intangible assets	6,833	0	1,000	0
Equity investments in subsidiaries	34,198,964	0	34,198,964	0
Loans and other non-current assets	562,222	0	562,222	0
Deferred tax assets	1,643,605	0	3,664,329	0
Total non-current assets	**46,584,247**	**0**	**48,600,652**	**0**
CURRENT ASSETS				
Trade receivables	4,262,269	3,737,207	4,612,418	3,893,933
Other assets and receivables	12,396,572	12,146,557	10,051,837	9,714,403
Direct tax receivables	46,673	0	46,673	0
Financial receivables and other current financial assets	19,436,234	19,436,234	22,915,779	22,915,779
Cash and cash equivalents	25,713,041	0	14,884,147	0
Total current assets	**61,854,789**	**35,319,998**	**52,510,854**	**36,524,115**
Total discontinued operations	**0**	**0**	**0**	**0**
TOTAL ASSETS	**108,439,036**	**35,319,998**	**101,111,506**	**36,524,115**
SHAREHOLDERS' EQUITY				
Share capital	27,109,165	0	27,109,165	0
Reserves	14,203,800	0	18,016,761	0
Net profit (loss)	1,728,089	0	1,299,554	0
TOTAL SHAREHOLDERS' EQUITY	**43,041,054**	**0**	**46,425,480**	**0**
NON-CURRENT LIABILITIES				
Financial payables and other non-current financial liabilities	15,418,268	0	12,020,559	0
Provisions for future risks and charges	2,858,078	0	1,724,101	0
Post-employment benefits (TFR)	168,305	0	173,100	0
Deferred tax liabilities	2,930,994	0	2,930,994	0
Other non-current liabilities	556,222	0	556,222	0
Total non-current liabilities	**21,931,867**	**0**	**17,404,976**	**0**
CURRENT LIABILITIES				
Financial payables and other current financial liabilities	34,162,670	14,830,783	27,014,648	16,013,550
Trade payables	1,956,238	1,427,748	1,028,322	650,995
Tax payables	361,046	0	29,480	0
Other liabilities and payables	6,986,161	0	9,208,600	1,468,416
Total current liabilities	**43,466,115**	**16,258,531**	**37,281,050**	**18,132,961**
Total discontinued operations	0	**0**	0	**0**
TOTAL LIABILITIES	**65,397,982**	**16,258,531**	**54,686,026**	**18,132,961**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**108,439,036**	**0**	**101,111,506**	**0**

Income Statement

Amounts in EUR	**FY 2018**	**of which related parties**	**Of which non-recurring income (charges)**	**FY 2017**	**of which related parties**	**Of which non-recurring income (charges)**
Operating revenue	4,581,544	4,581,544	0	4,875,345	4,875,345	0
Other revenue and income	2,233,266	1,237,994	0	715,506	564,007	0
Total Operating revenue	**6,814,810**	**5,819,538**	**0**	**5,590,851**	**5,439,352**	**0**
Raw materials and consumables	(1,696)	0	0	(1,530)	0	0
Service costs	(7,263,735)	(2,064,277)	0	(4,787,038)	(841,739)	0
Personnel costs	(3,577,950)	0	0	(3,192,166)		0
Other operating costs	(330,381)	0	0	(161,070)	(13,200)	0
Amortisation and Depreciation, Provisions and Write-downs:						
Depreciation of property, plant and equipment	(1,514)	0	0	(1,947)	0	0
Amortisation of intangible assets	(3,667)	0	0	(500)	0	0
Allocations to provisions	(1,590,000)	0	0	(1,232,000)	0	0
Total Operating Costs	**(12,768,943)**	**(2,064,277)**	**0**	**(9,376,251)**	**(854,939)**	**0**
Operating Profit (Loss) (EBIT)	**(5,954,133)**	**3,755,261**	**0**	**(3,785,400)**	**4,584,413**	**0**
Financial income	7,674,508	570,585	0	4,490,569	457,811	0
Financial expense	(423,645)	(4,632)	0	(412,231)	(5,988)	0
Write-down of financial assets	(738,329)	(738,329)	0	0	0	0
Total Financial Income/Expense	**6,512,534**	**(172,376)**	**0**	**4,078,338**	**451,823**	**0**
Profit (loss) before tax	**558,401**	**3,582,885**	**0**	**292,938**	**4,132,590**	**0**
Current income taxes	3,205,764	0	0	1,852,739	0	0
Deferred tax assets and liabilities	(2,036,076)	0	0	(846,123)	0	0
Total Income taxes	**1,169,688**	**0**	**0**	**1,006,616**	**0**	**0**
Net profit (loss) from continuing operations	**1,728,089**	**3,582,885**	**0**	**1,299,554**	**4,132,590**	**0**
Net profit (loss) from discontinued operations	0	**0**	**0**	0	0	**0**
Net profit (loss)	**1,728,089**	**3,582,885**	**0**	**1,299,554**	**4,132,590**	**0**

Statement of Cash Flows

Amounts in EUR	**2018**	**of which related parties**	**2017**	**of which related parties**
Net profit (loss)	**1,728,089**	0	1,299,554	0
Amortisation and depreciation	5,181	0	2,447	0
Non-monetary changes in post-employment benefits (TFR)	2,229	0	2,446	0
Net financial income in the income statement	(6,512,534)	(172,376)	(4,078,338)	5,988
Taxes for the year	(3,205,764)	0	(1,852,739)	0
Deferred tax assets and liabilities	2,036,076	0	846,123	0
Provisions and write-downs	1,590,000	0	1,232,000	0
Release of bad debt provisions	(506,597)	0	0	0
Other non-monetary changes	(51,399)	0	924	0
Cash flow from operating activities	**(4,914,719)**	**(172,376)**	**(2,547,583)**	**5,988**
Change in trade receivables	405,723	(156,726)	(1,832,707)	1,823,263
Change in trade payables	927,916	776,753	(100,418)	(42,322)
Use of bad debt provisions	(5,000)	0	(154,572)	0
Other changes in current assets and liabilities	(919,225)	3,900,570	537,148	1,767,948
Taxes for the year paid	(150,251)	0	(73,177)	0
Post-employment benefits paid	(3,360)	0	(32,594)	0
Other changes in non-current assets and liabilities	(16,233)	0	(77,762)	0
Change in net working capital	**239,570**	**4,520,597**	**(1,734,081)**	**3,548,889**
Cash flow from (used in) operating activities	**(4,675,149)**	**4,348,221**	**(4,281,664)**	**3,554,877**
(Purchase) of property, plant and equipment net of disposals	0	0	2,360	0
(Purchase) of intangible assets net of disposals	(9,500)	0	(1,500)	0
Cash flow from (used in) investing activities	**(9,500)**	**0**	**860**	**0**
Change in current financial assets	5,911,092	(3,479,545)	(76,441)	76,441
Change in current financial liabilities	11,648,022	(16,013,550)	(4)	(9,780,676)
Change in non-current financial assets/liabilities	3,397,709	0	(3,589,034)	0
Financial expense paid	(379,380)	4,632	(402,564)	5,988
Cash paid to purchase own shares	(2,365,955)	0	0	0
Distribution of dividends paid to Company Shareholders	(2,697,945)	0	(1,996,480)	0
Cash flow from (used in) financing activities	**15,513,543**	**(19,488,463)**	**(6,064,523)**	**(9,698,247)**
Cash flow from (used in) discontinued operations	**0**	**0**	**0**	**0**
Cash and cash equivalents	**10,828,894**	**0**	**(10,345,326)**	**0**
Net cash and cash equivalents - opening balance	14,884,147	0	25,229,473	0
Net cash and cash equivalents - closing balance	25,713,041	0	14,884,147	0
Net increase (decrease) in cash and cash equivalents	**10,828,894**	0	**(10,345,326)**	**0**

5.5 Management of financial risk: objectives and criteria

The Company's main financial instruments, other than derivatives, include bank loans, demand and short-term bank deposits. The main objective of these instruments is to fund the Company's operations. The Company has various financial instruments, such as trade payables and receivables, resulting from its operations.

- **Credit risk**

  Given the nature of its customers, credit risk mainly relates to delays in collecting receivables and to any disputes (see note 5.1) regarding the operations previously performed by the Parent Company. In this regard, the Company carefully considers the use of all instruments, including any legal action, to ensure the prompt collection of receivables from its customers.

- **Interest rate risk**

  As the Company's financial payables are owed to the banking system in Euro at a floating interest rate, the Company does not believe that its exposure to any rise in interest rates may increase future financial expense.

  The tables included in the sections on current and non-current financial receivables show the book value, by maturity, of the Company's financial instruments that are exposed to interest rate risk.

  A hypothetical sudden and unfavourable 1% change in the interest rate, even considering the hedge in place, applicable to existing loans at 31 December 2018 would result in a pre-tax expense of Euro 183 thousand for the year.

5.6 Positions deriving from atypical or unusual transactions

In 2018, Be Think, Solve, Execute S.p.A. did not undertake any atypical or unusual transactions as defined in Consob Communication DEM/6064293.

5.7 Fees due to the independent auditors Deloitte&Touche S.p.A. and to their network pursuant to art. 149-duodecies of the Issuers' Regulation

Type	Fee
Auditing services	120,607
Total fees	**120,607**

The fees due to the Independent auditors in 2018 totalled Euro 121 thousand (Euro 126 thousand last year), of which Euro 15 thousand refer to the limited audit of the "Non-financial statement at 31.12.2018".

5.8 Fees due to directors and statutory auditors of Be S.p.A.

Name and Surname	Position in Be S.p.A.	Term in office	End of term in office	Fixed fees	Fees for committee attendance	Var. non-equity fees	Total
Amounts in EUR thousands						*Bonuses/Incentives*	
Stefano Achermann	Chief Executive Officer	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	1000,00[1]		332.8	1,332.8
Carlo Achermann	Executive Chairman	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	600,00[2]		221.42	821.42
Claudio Berretti	Non-Executive Director	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	20.00			20.00
Cristina Spagna	Non-Executive Director Independent Director	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	20.00	10,00[4]		30.00
Alberto Mocchi	Non-Executive Director Independent Director	01/01/2018 - 26/04/2018	Approval of Financial statements at 31/12/2019	6.58			6.58
Davide Dattoli	Non-Executive Director Independent Director	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	20.00			20.00
Gianluca Antonio Ferrari	Non-Executive Director Independent Director	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	20.00			20.00
Paola Annunziata Lucia Tagliavini	Non-Executive Director Independent Director	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	20.00	10,00[3]		30.00
Anna Lambiase	Non-Executive Director	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	20.00			20.00
Claudio Calabi	Non-Executive Director Independent Director	26/04/2018 - 31/12/2018	Approval of Financial statements at 31/12/2019	13.42			13.42
Giuseppe Leoni	Chairman Board of Statutory Auditors	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2020	22.50			22.50
Stefano De Angelis	Standing Auditor	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2020	15.00			15.00
Rosita Francesca Natta	Standing Auditor	01/01/2018 - 31/12/2018	Approval of Financial statements at 31/12/2020	15.00			15.00

Note that, where not indicated, fees from subsidiaries of Be S.p.A. are not received, namely the same are paid back, insofar as they are absorbed in fees allocated pursuant to art. 2389, paragraph 3 of the Italian Civil Code.

The breakdown of the fees paid to individual directors is shown below:

(1) *Gross remuneration for the position of Chief Executive Officer of which Euro 450,000.00 for the position of Chief Executive Officer and General Manager of subsidiaries*

(2) *Gross remuneration for the position of Executive Chairman of which Euro 250,000.00 for the position of Executive Director of subsidiaries*

(3) *Additional remuneration for the position of Chairman of the Control and Risk Committee.*

(4) *Additional remuneration for the position of Chairman of the Appointments and Remuneration Committee.*

6. Events after the reporting period at 31 December 2018

On 25 January 2019, Be announced the launch of the third phase of the own shares purchase plan, which commenced on 28 January 2019 and end on 30 May 2019, in execution of the authorisation resolved by the Shareholders' Meeting of 26 April 2018. The shares will be purchased at a unit price, which will be established on the occasion of each transaction, although it may not be less than Euro 0.20 or more than Euro 1.5 per share. During this third phase, the company may purchase a maximum number of ordinary shares of the Issuer for a total value of Euro 1,500,000. Note that this Shareholders' Meeting authorised the purchase of own shares in one or more tranches, also on a rotating basis, in accordance with legal thresholds and in compliance with the legislative provisions that are applicable at the time of each transaction. The Company reserves the right to launch further share purchase plans after the completion of the current transaction.

Statement of equity investments of directors, statutory auditors and general managers

Name and Surname	Position	Company	No. of shares held at 31.12.2017	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2018
Stefano Achermann	Chief Executive Officer	Be S.p.A.	21.290.397(1)			21.290.397(1)
Carlo Achermann	Executive Chairman	Be S.p.A.				
Claudio Berretti	Non-Executive Director	Be S.p.A.				
Anna Lambiase	Non-Executive Director	Be S.p.A.				
Cristina Spagna	Non-Executive Director Independent Director	Be S.p.A.				
Alberto Mocchi(2)	Non-Executive Director Independent Director	Be S.p.A.				
Davide Dattoli	Non-Executive Director Independent Director	Be S.p.A.				
Gianluca Antonio Ferrari	Non-Executive Director Independent Director	Be S.p.A.	104,166			104,166
Paola Annunziata Lucia Tagliavini	Non-Executive Director Independent Director	Be S.p.A.				
Claudio Calabi(2)	Non-Executive Director Independent Director	Be S.p.A.				
Giuseppe Leoni	Chairman Board of Statutory Auditors	Be S.p.A.				
Rosita Francesca Natta	Standing Auditor	Be S.p.A.				
Stefano De Angelis	Standing Auditor	Be S.p.A.				

(1) *Of which 7,771,132 held directly and 13,519,265 held indirectly through iFuture Power in Action S.r.l. (**iFuture**), a company in which Mr. Stefano Achermann holds 68% of share capital*

(2) *Board Director Claudio Roberto Calabi was appointed by the Shareholders' Meeting of 26 April 2018 to replace Board Director Alberto Mocchi, previously co-opted pursuant to art. 2386 of the Italian Civil Code on 19 July 2017, following the resignation of Board Director Umberto Quilici.*

Milan, 12 March 2019.

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

Certification of 2018 Financial Statements pursuant to art. 81-ter, Consob Regulation no. 11971 of 14 May 1999, as amended

1. Having considered the provisions of art. 154-bis, paragraphs 3 and 4, Italian Legislative Decree 58 of 24 February 1998, the undersigned, Stefano Achermann and Manuela Mascarini, respectively Chief Executive Officer and Executive in charge of preparing the company's accounting documents of Be Think, Solve, Execute S.p.A., hereby confirm:
   - the adequacy in relation to the business characteristics, and
   - the effective application of administrative accounting procedures to prepare the financial statements at 31 December 2018.

2. It is also confirmed that:

2.1 the financial statements:

a) were prepared in compliance with international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of Council, of 19 July 2002;

b) correspond with the accounting entries and records;

c) provide a true and fair view of the equity, economic and financial position of the issuer;

2.2 The Management Report contains a reliable analysis of the performance and the results of operations, as well as of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 12 March 2019.

/signed/ Manuela Mascarini
Executive in charge of preparing
the company's accounting documents

Manuela Mascarini

/signed/ Stefano Achermann
Chief Executive Officer

Stefano Achermann

Be Think, Solve, Excute S.p.A.

RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEGLI AZIONISTI AI SENSI DELL'ARTICOLO 153 D. LGS. N. 58/1998 E DELL'ART. 2429 C.C.

All'Assemblea degli Azionisti di Be Think, Solve, Excute S.p.A..

Nel corso dell'esercizio chiuso al 31 dicembre 2018 abbiamo svolto l'attività di vigilanza prevista dalla legge e dallo statuto, secondo i Principi di Comportamento del Collegio Sindacale raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e le indicazioni del Codice di Autodisciplina promosso dal Comitato per la *corporate governance* di Borsa Italiana S.p.A., e di cui riferiamo con la presente relazione redatta tenendo anche conto delle raccomandazioni fornite dalla Consob con Comunicazione n. 1025564 del 6 aprile 2001 e suoi successivi aggiornamenti.

Con riguardo alle modalità con cui si è svolta l'attività di nostra competenza nel corso dell'esercizio in esame, diamo atto:

- di aver partecipato alle riunioni dell'Assemblea degli Azionisti e del Consiglio di Amministrazione tenutesi nel corso dell'esercizio in parola ed ottenuto dagli Amministratori tempestive ed idonee informazioni sull'andamento della gestione e sulla sua prevedibile evoluzione nonché sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e dal Gruppo di imprese che questa controlla, secondo le disposizioni di legge e di statuto; diamo atto inoltre che il Collegio Sindacale ha sempre partecipato, tramite uno o più dei suoi membri, alle riunioni del Comitato per il Controllo e Rischi e del Comitato per le Nomine e la Remunerazione;
- di aver acquisito gli elementi di conoscenza necessari per svolgere l'attività di nostra competenza sull'osservanza della legge e dello statuto, sul rispetto dei principi di corretta amministrazione, sul grado di adeguatezza della struttura organizzativa della Società e dei sistemi di controllo interno e amministrativo-contabile, mediante indagini dirette, raccolta di informazioni dai responsabili delle funzioni interessate,

scambi di dati e di informazioni rilevanti con la società incaricata della revisione legale dei conti;

- di aver recepito i risultati delle verifiche trimestrali sulla corretta tenuta della contabilità svolte dalla società incaricata della revisione legale dei conti;
- di aver ricevuto dalla Società di revisione la Relazione prevista dall'art. 14 del D.Lgs n. 39/2010, in particolare, di aver constatato la conformità della Relazione stessa agli obblighi di informativa previsti dalle norme vigenti;
- di aver ricevuto dalla Società di revisione la Relazione di cui all'art. 11 del Regolamento europeo 537/2014, dalla quale non sono emerse questioni significative da segnalare;
- di aver effettuato, ai sensi dell'art. 19 del D.Lgs. n. 39/2010 in qualità di Comitato per il controllo interno e la revisione contabile, l'attività di vigilanza ivi prevista con riferimento a: a) informare l'organo di amministrazione dell'esito della revisione legale e trasmettere a tale organo la Relazione aggiuntiva di cui all'articolo 11 del Regolamento europeo; b) monitorare il processo di informativa finanziaria e presentare le eventuali raccomandazioni o le proposte volte a garantirne l'integrità; c) controllare l'efficacia dei sistemi di controllo interno della qualità e di gestione del rischio dell'impresa e della revisione interna, per quanto attiene l'informativa finanziaria dell'ente sottoposto a revisione, senza violarne l'indipendenza; d) monitorare la revisione legale del bilancio d'esercizio e del bilancio consolidato, anche tenendo conto di eventuali risultati e conclusioni dei controlli di qualità svolti dalla Consob a norma dell'articolo 26, paragrafo 6, del Regolamento europeo, ove disponibili; e) verificare e monitorare l'indipendenza della Società di revisione legale a norma degli articoli 10, 10-bis, 10-ter, 10-quater e 17 del D. Lgs. 39/2010 e dell'articolo 6 del Regolamento europeo, in particolare per quanto concerne l'adeguatezza della prestazione di servizi diversi dalla revisione resi all'ente sottoposto a revisione, conformemente all'articolo 5 di tale regolamento;
- di aver monitorato la funzionalità del sistema di controllo sulle società partecipate e l'adeguatezza delle disposizioni ad esse impartite, anche ai sensi dell'art. 114, comma 2 del D.Lgs. n. 58/1998;

- di aver monitorato le concrete modalità di attuazione delle regole di governo societario previste dal Codice di Autodisciplina delle società quotate promosso da Borsa Italiana S.p.A., come adottate dalla Società;
- di aver vigilato sull'attività svolta dall'Organismo di vigilanza mediante incontri con i suoi componenti e di aver monitorato il processo di aggiornamento del Modello di Organizzazione, Gestione e Controllo di cui al D.Lgs. n. 231/2001 e successive modifiche per tenere conto dell'ampliamento dell'ambito della normativa;
- di aver vigilato, ai sensi dell'art. 4, comma 6° del Regolamento approvato dalla Consob con Delibera n. 17221 del 12 marzo 2010, sul rispetto della Procedura in materia di operazioni con parti correlate;
- di aver verificato l'assenza di aspetti rilevanti che gli organi di controllo delle società controllate avessero da comunicare;
- di aver accertato l'adeguatezza, sotto il profilo del metodo, del processo di *impairment test* posto in essere per accertare l'esistenza di eventuali perdite di valore degli attivi a vita utile indefinita e delle partecipazioni iscritte a bilancio assoggettabili a tale procedura;
- di aver verificato l'osservanza delle norme di legge e regolamentari inerenti la formazione, l'impostazione e gli schemi del bilancio separato e del bilancio consolidato, nonché dei relativi documenti di corredo. Abbiamo, altresì, verificato la conformità della Relazione sulla gestione alle leggi ed ai regolamenti vigenti e la sua coerenza con le deliberazioni del Consiglio di Amministrazione;
- di aver valutato positivamente l'adeguatezza di tutte le procedure, i processi e le strutture che hanno curato la produzione, la rendicontazione e la rappresentazione dei risultati e delle informazioni di carattere non finanziario di cui al D.lgs 30 dicembre 2016 n. 254,
- di aver effettuato un controllo di legittimità sulla Dichiarazione Consolidata di carattere Non Finanziario redatta ai sensi del richiamato D.Lgs 254/2016 relativamente alla quale si esprime parere favorevole e sempre relativamente alla quale la Società di revisione ha emesso un'attestazione senza rilievi circa la conformità delle informazioni non finanziarie alle norme di legge ed ai principi di rendicontazione utilizzati;

- di aver preso atto, sulla base delle dichiarazioni degli Amministratori e delle valutazioni espresse dal Consiglio di Amministrazione, che i criteri e le procedure di accertamento dell'indipendenza dei propri membri sono state correttamente applicate dal medesimo Consiglio.

All'esito della nostra attività di vigilanza, svolta secondo le modalità sopra descritte, non sono emersi fatti significativi tali da richiederne la segnalazione agli Organi di Vigilanza, né abbiamo proposte da formulare in ordine al bilancio, alla sua approvazione ed alle materie di nostra competenza.

* * *

Le specifiche indicazioni da fornire con la presente relazione vengono elencate nel seguito, secondo quanto previsto dalla sopra menzionata Comunicazione Consob del 6 aprile 2001 e suoi successivi aggiornamenti.

- Abbiamo acquisito adeguate informazioni sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate da Be Think, Solve, Execute S.p.A. e dalle società da questa controllate, costatando la loro conformità alla legge ed allo statuto sociale; di dette operazioni gli Amministratori forniscono adeguata informativa nella Relazione sulla gestione; abbiamo altresì ottenuto informazioni e ci siamo assicurati che le operazioni deliberate e/o poste in essere non fossero manifestamente imprudenti o azzardate, in contrasto con le delibere assunte o in potenziale conflitto di interessi o, comunque, tali da compromettere l'integrità del patrimonio sociale.
- Ci sono state fornite adeguate informazioni sulle operazioni infragruppo e con parti correlate. Sul fondamento delle informazioni acquisite, abbiamo accertato che tali operazioni sono conformi alla legge e allo statuto, sono rispondenti all'interesse sociale e non sono suscettibili di dar luogo a dubbi in ordine alla correttezza e alla completezza della relativa informativa di bilancio, alla sussistenza di situazioni di conflitto di interessi, alla salvaguardia del patrimonio aziendale ed alla tutela degli azionisti di minoranza; le verifiche periodiche ed i controlli svolti presso la Società non hanno evidenziato l'effettuazione di operazioni atipiche e/o inusuali.
- Nella Relazione sulla gestione e nelle Note esplicative ed integrative, gli Amministratori forniscono adeguata informativa sulle principali operazioni poste in essere nonché sui

rapporti intercorsi tra Be Think, Solve, Execute S.p.A., le società del gruppo di appartenenza e/o parti correlate precisando che i rapporti medesimi sono avvenuti a normali condizioni di mercato, tenuto anche conto della qualità e della specificità dei servizi prestati.

- La società incaricata della revisione legale dei conti Deloitte & Touche S.p.A. ha emesso le relazioni di revisione di cui all'art. 14 del D.Lgs. n. 39/2010 relative ai bilanci separato e consolidato chiusi al 31 dicembre 2018, senza rilievi o richiami di informativa.
- Non ci sono pervenute denunce ex art. 2408 Cod. Civ. o esposti né abbiamo avuto notizia di esposti pervenuti ad altri.
- Nel corso dell'esercizio 2018, la Società ha conferito a Deloitte l'incarico - ulteriore rispetto alle prestazioni di servizi di revisione legale dei conti ed al rilascio dell'attestazione di conformità della dichiarazione non finanziaria - avente come scopo (*i*) l'assistenza nell'individuazione dei principali impatti sul bilancio consolidato derivanti dall'applicazione dei nuovi principi contabili internazionali IFRS 9, IFRS 15 e IFRS 16 nonché (*ii*) il supporto nell'attività di adeguamento dei processi amministrativi per consentire la corretta applicazione dei richiamati principi. Le Società controllate da Be Think, Solve, Execute SpA, nel corso del 2018 non hanno conferito incarichi a Deloitte o a società appartenenti alla sua rete. In relazione alle previsioni introdotte dal D.Lgs 135/2016 in adesione al Regolamento UE 537/2014 sul tema il Collegio sindacale, nel corso dell'esercizio, ha provveduto alla preventiva analisi ed eventuale autorizzazione di ogni incarico conferito dalla Società e dalle sue controllate a Deloitte o a società della sua rete. I corrispettivi dei richiamati incarichi risultano adeguati alla dimensione ed alla complessità dell'attività svolta e non appaiono, in ogni caso, idonei ad incidere sull'indipendenza e sull'autonomia dei revisori nello svolgimento delle proprie funzioni di revisione legale dei conti.
- Nel corso dell'esercizio in esame, abbiamo rilasciato pareri ai sensi dell'art. 2389 Cod. Civ..
- Nel corso dell'esercizio 2018, si sono tenute n. 10 riunioni del Consiglio di amministrazione, n. 10 riunioni del Comitato per il Controllo e Rischi, n. 2 riunioni del

Comitato per le Nomine e la Remunerazione; nel corso del medesimo esercizio, il Collegio Sindacale si è riunito n. 10 volte.

- Non abbiamo particolari osservazioni da segnalare sul rispetto dei principi di corretta amministrazione, che appaiono essere stati costantemente osservati, e sull'adeguatezza della struttura organizzativa, di cui abbiamo riscontrato l'idoneità al soddisfacimento delle esigenze gestionali e di controllo sull'operatività aziendale.
- Il sistema di controllo interno é apparso adeguato alle caratteristiche dimensionali e gestionali della Società, come accertato anche nel corso delle riunioni del Comitato per il Controllo e Rischi. Inoltre, il Responsabile della Direzione Internal Auditing di Gruppo ha assicurato il necessario collegamento funzionale ed informativo sulle modalità di svolgimento dei propri compiti istituzionali di controllo nonché sugli esiti delle verifiche poste in essere, anche mediante la partecipazione a riunioni del Collegio Sindacale.
- Non abbiamo osservazioni da svolgere sull'adeguatezza del sistema amministrativo-contabile e sulla sua affidabilità a rappresentare correttamente i fatti di gestione; con riferimento all'informativa contabile contenuta nei bilanci separato e consolidato al 31 dicembre 2018 è stata resa l'attestazione dell'Amministratore Delegato e del Dirigente Preposto alla redazione dei documenti contabili societari ai sensi dell'art. 154-*bis*, comma 5 del D.Lgs. 58/1998 e dell'art. 81-*ter* del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni.
- Non abbiamo osservazioni da formulare sull'adeguatezza dei flussi informativi resi dalle società controllate alla Capogruppo volti ad assicurare il tempestivo adempimento degli obblighi di comunicazione previsti dalla legge.
- Nel corso dei periodici scambi di dati e di informazioni tra il Collegio Sindacale e i Revisori, ai sensi anche dell'art. 150, comma 3 del D.Lgs. n. 58/1998, non sono emersi aspetti che debbano essere evidenziati nella presente relazione.
- La Società ha aderito in maniera sostanziale alle raccomandazioni contenute nel Codice di Autodisciplina predisposto dal Comitato per la Corporate Governance delle società quotate ed ha illustrato il proprio modello di governo societario nell'apposita Relazione, redatta anche ai sensi dell'art. 123-*bis* del D.Lgs. n. 58/1998. Per quanto di nostra competenza, abbiamo vigilato sulle modalità di concreta attuazione delle regole di governo societario previste dal sopra richiamato Codice di Autodisciplina, come adottate

dalla Società, curando, fra l'altro, che nella Relazione sul governo societario venissero esposti gli esiti della periodica verifica del Collegio Sindacale in merito alla sussistenza in capo ai Sindaci dei requisiti di indipendenza, determinati in base ai medesimi criteri previsti con riferimento agli Amministratori indipendenti dal predetto Codice di Autodisciplina.

Nel mese di marzo dell'anno in corso, come più ampiamente esposto nella "*Relazione sul governo societario e gli assetti proprietari*", abbiamo adottato una politica in materia di diversità per la composizione dell'organo di controllo in accordo con le raccomandazioni contenute nel Codice di Autodisciplina e nella lettera del Presidente del Comitato per la Corporate Governance. La Società, relativamente a quanto statuito dal D.Lgs. n. 231/2001, ha adottato e implementato un "Modello Organizzativo" di comportamento e regolamentazione dell'attività predisponendo periodici aggiornamenti e provvedendo alla costituzione dell'Organismo di Vigilanza richiesto dalla normativa. La Società ha inoltre adottato un Codice Etico di comportamento.

- La nostra attività di vigilanza si é svolta nel corso dell'esercizio 2018 con carattere di normalità e da essa non sono emerse omissioni, fatti censurabili o irregolarità da rilevare.

A compendio dell'attività di vigilanza svolta nell'esercizio non abbiamo proposte da formulare ai sensi dell'art. 153, comma 2 del D.Lgs. n. 58/1998, in ordine al bilancio separato al 31 dicembre 2018 alla sua approvazione e alle materie di nostra competenza, così come nulla abbiamo da osservare sulla proposta di destinazione dell'utile di esercizio e di distribuzione di un dividendo formulata dal Consiglio di Amministrazione.

Milano, 27 marzo 2019

IL COLLEGIO SINDACALE

Dott. Giuseppe Leoni – Presidente del Collegio Sindacale

Dott. Stefano De Angelis – Sindaco Effettivo

Dott.ssa Rosita Natta – Sindaco Effettivo

Deloitte.

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RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

Agli Azionisti della
Be Think, Solve, Execute S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società Be Think, Solve, Execute S.p.A. (la Società), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2018, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2018, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Impairment test dell'avviamento e delle partecipazioni

Descrizione dell'aspetto chiave della revisione	La Società iscrive nel bilancio al 31 dicembre 2018 un avviamento per Euro 10,2 milioni allocato sulla CGU Business Consulting. Tale avviamento non è ammortizzato, ma, come previsto dal principio contabile IAS 36, è sottoposto a impairment test almeno annualmente mediante confronto tra il valore recuperabile della CGU - determinato secondo la metodologia del valore d'uso - e il suo valore contabile che tiene conto dell'avviamento e delle altre attività allocate alla CGU. Inoltre la Società detiene partecipazioni in società controllate per complessivi Euro 34,2 milioni che, in considerazione della rilevanza delle stesse sulla situazione patrimoniale e finanziaria della Società, sono parimenti assoggettate a test di impairment secondo la metodologia del valore d'uso. La determinazione del valore recuperabile della CGU e delle partecipazioni è basata su stime e assunzioni della Direzione riguardanti, tra l'altro, la previsione dei flussi di cassa attesi, desunti dal piano industriale con orizzonte temporale 2019 – 2021, la stima del valore terminale, la determinazione di un appropriato tasso di attualizzazione (WACC) e della crescita di lungo periodo (g-rate). All'esito dello svolgimento del test di impairment non sono state rilevate perdite di valore. In considerazione della rilevanza dell'ammontare dell'avviamento e delle partecipazioni iscritti e della soggettività delle stime delle principali assunzioni attinenti la determinazione dei flussi di cassa della CGU e delle partecipazioni e delle variabili chiave del modello di impairment, abbiamo considerato gli impairment test un aspetto chiave della revisione del bilancio d'esercizio della Società. Le Note 2 e 4 del bilancio d'esercizio riportano l'informativa in merito alle voci in oggetto e al test di impairment.
Procedure di revisione svolte	Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure anche avvalendoci del supporto di esperti: • esame delle modalità usate e delle assunzioni utilizzate dalla Direzione per la determinazione del valore d'uso della CGU Consulting e delle partecipazioni oggetto di impairment test; • comprensione dei controlli rilevanti posti in essere dalla Società sul processo di effettuazione dell'impairment test; • ottenimento di informazioni dalla Direzione e analisi di ragionevolezza sulle principali assunzioni adottate per la formulazione delle previsioni dei flussi di cassa; • analisi dei dati consuntivi rispetto ai piani originari ai fini di valutare la natura degli scostamenti e l'attendibilità del processo di predisposizione dei piani;

- verifica della corretta determinazione del valore contabile della CGU Business Consulting;

- verifica dell'accuratezza matematica del modello utilizzato per la determinazione del valore d'uso della CGU e delle partecipazioni oggetto del test di impairment;

- valutazione della ragionevolezza del tasso di attualizzazione (WACC) e di crescita di lungo periodo (g-rate);

- verifica della sensitivity analysis predisposta dalla Direzione.

Abbiamo infine esaminato l'adeguatezza dell'informativa fornita dalla Società sull'impairment test e la conformità a quanto previsto dallo IAS 36.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Deloitte.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'assemblea degli azionisti della Be Think, Solve, Execute S.p.A. ci ha conferito in data 10 maggio 2012 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2012 al 31 dicembre 2020.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Be Think, Solve, Execute S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari della Be Think, Solve, Execute S.p.A. al 31 dicembre 2018, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, co. 4, del D.Lgs. 58/98, con il bilancio d'esercizio della Be Think, Solve, Execute S.p.A. al 31 dicembre 2018 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio della Be Think, Solve, Execute S.p.A. al 31 dicembre 2018 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.

Stefano Marnati

Stefano Marnati
Socio

Milano, 27 marzo 2019