Be

SHAPING THE FUTURE

Annual Financial Report 2019

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Be SHAPING THE FUTURE

2019 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 2019**	**FY 2018**
Value of production	152.3	150.2
EBITDA	25.9	23.6
EBIT	12.2	11.3
Profit (loss) before tax	11.1	10.1
Net profit (loss)	6.1	5.5

Key equity and financial indicators

(amounts in EUR millions)	**31.12.2019**	**31.12.2018**
Group Shareholders' equity	54.3	53.1
Net Invested Capital	67.5	53.9
Net Operating Working Capital (NOWC)	17.1	16.0
Net Financial Position	(11.4)	0.9

Value of production by operating segment

(amounts in EUR millions)	**FY 2019**	**FY 2018**
Business Consulting	112.7	106.6
ICT Solutions	39.0	43.1
Other	0.6	0.5
TOTAL	152.3	150.2

Value of production by customer type

(amounts in EUR millions)	**FY 2019**	**FY 2018**
Banks	118.3	113.4
Insurance	19.5	22.4
Industry	9.8	11.4
Public Administration	1.3	2.9
Other	3.4	0.1
TOTAL	152.3	150.2

Value of production by geographic area

(amounts in EUR millions)	**FY 2019**	**FY 2018**
Italy	94.0	91.1
DACH Region (Germany, Austria, Switzerland)	37.8	42.1
UK and Spain	14.7	13.4
CEE Region (Poland, Ukraine, Romania)	5.8	3.6
TOTAL	152.3	150.2

Group Headcount

(amounts in EUR millions)	**31.12.2019**	**31.12.2018**
Executives	132	135
Middle managers	173	140
White collar	940	867
Blue collar	0	0
Apprentices	75	25
TOTAL	1,320	1,167

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 1,300 employees and branches in Italy, Germany, United Kingdom, Austria, Poland, the Ukraine, Spain and Romania, in 2019 the Group recorded a total value of production of Euro 152.3 million.

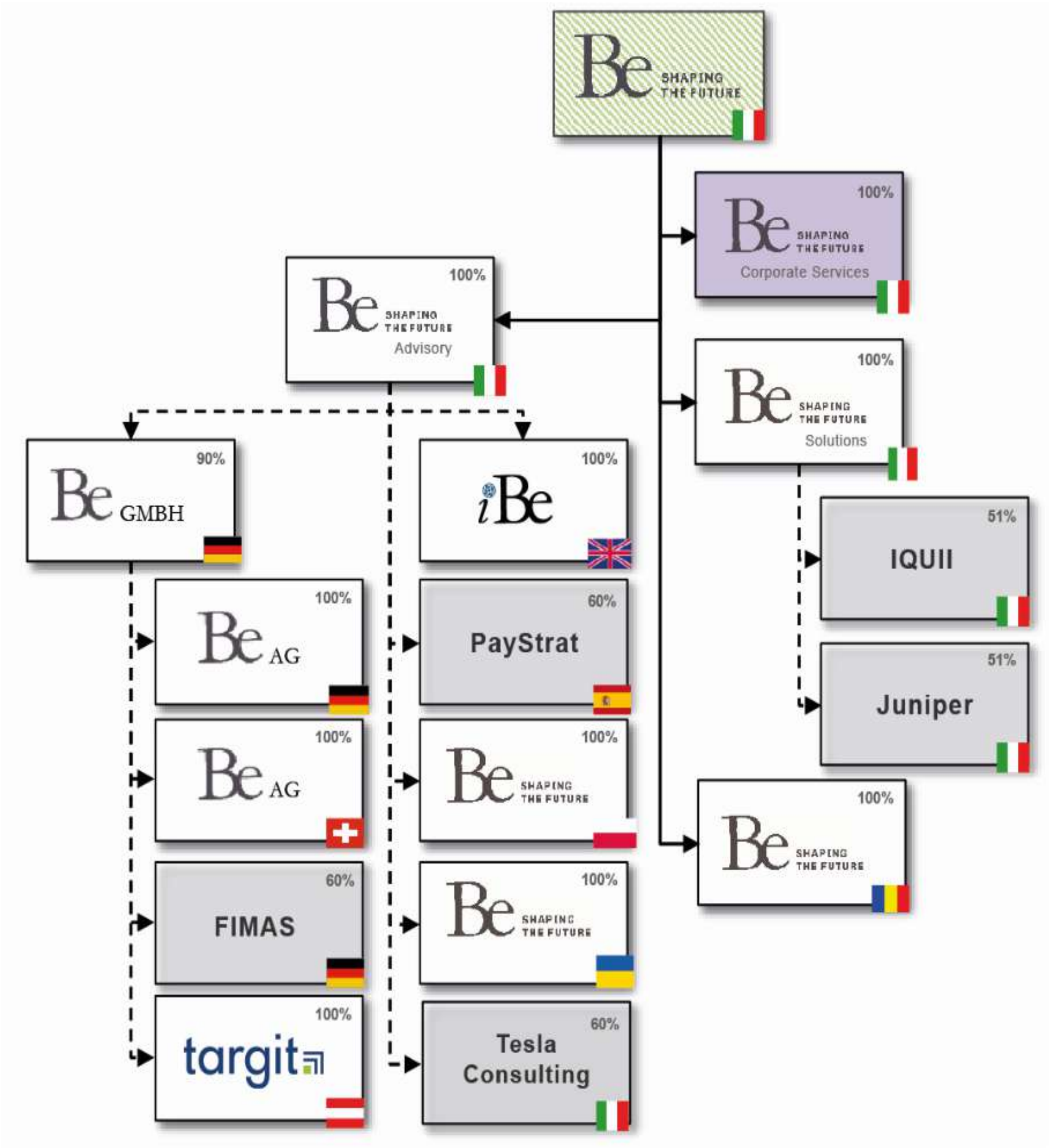
Be Think, Solve, Execute S.p.A.(**Be S.p.A.** for short), listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and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

At 31 December 2019, 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	23.412
iFuture Power in Action S.r.l.	Italian	13,519,265	10.022
Axxion S.A.	Luxembourg	13,487,712	9.999
Stefano Achermann	Italian	7,771,132	5.761
LOYS Investment S.A.	Luxembourg	6,889,321	5.107
Be Think Solve Execute S.p.A	Italian	4,786,256	3.548
Float		56,861,361	42.151
Total		**134,897,272**	**100.000**

The following chart shows the **Be Group** structure at 31 December 2019[1].



[1] *The Group structure does not include Paystrat Solutions SL (Pyngo), 65.26% of which is held by Payments and Business Advisors SL (Paystrat) and Confinity GmbH, 100% of which is held by Fimas GmbH, as not considered relevant.*

4. Business Model and Operating segments

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

I. BUSINESS CONSULTING

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

Size	755 employees at 31 December 2019.
Core business	Banking, Insurance.
Segment revenue at 31 December 2019	Euro 112.7 million.
Operating units	Rome, Milan, Bologna, London, Kiev, Warsaw, Munich, Vienna, Zurich, Frankfurt, Madrid.

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

- **Be 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.
- **BE AG.** A company whose registered office is close to Munich, 100.00% of which is owned by Be Think, Solve Execute GmbH, specialised in consulting and IT solutions in the Payments sector and specifically as regards SWIFT. In September 2019, the Company changed its name

from R&L AG to Be Shaping the Future – Financial Industry Solutions AG (Be AG for short).

- **FIMAS GmbH.** A company based in Frankfurt, 60% of which is held by Be Think, Solve Execute GmbH, specialised in consulting services and IT for *asset managers*, Stock Markets, CSD, *clearing houses* and custodian banks.
- **Confinity GmbH.** Originally 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. Fimas GmbH has a 100% interest in Confinity GmbH.
- **Payments and Business Advisors S.L.** (**Paystrat** for short)**.**A company based in Madrid, 60% of which is held by Be Consulting S.p.A., specialised in *advisory services* for operators in the payments industry, in areas such as *digital wallets*, *loyalty* and *market intelligence*. The company has a 65.26% interest in Paystrat Solutions S.L.
- **Tesla Consulting S.r.l.** A Company based in Bologna, operating in the field of "Cyber Security" and "Digital Forensics", 60% of which is held by Be Consulting S.p.A..

II. ICT SOLUTIONS

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

Size	515 employees at 31 December 2019.
Core Businesses	Banking, Insurance, Energy and Public Administration.
Segment revenue at 31 December 2019	Euro 39.0 million.
Operating units	Rome, Milan, Turin, Trento, Bucharest.

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

- **Be Solutions S.p.A.** aims to offer specialist ICT consulting and system integration 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, it develops the Group's "*near shoring*" 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 digital, web and mobile solutions, focusing in particular on the areas of system integration, user and customer experience and the development of new revenue models. 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 2019

Important resolutions of the Shareholders' Meeting

On 18 April 2019, the Shareholders' Meeting met in an ordinary session on first call; during the Meeting, the shareholders resolved to:

- approve the Financial Statements of Be S.p.A. at 31 December 2018, allocating Euro 86,404.46 of the net profit for the year of Euro 1,728,089.26 to the Legal reserve and the remaining Euro 1,641,684.80 to Profit carried forward;
- to distribute a gross dividend of Euro 0.022 per share, with coupon no. 9 date of 20 May 2019, record date of 21 May 2019 and payment date of 22 May 2019, from profit carried forward and drawing the residual amount from the extraordinary reserve;
- to approve the First section of the Report on remuneration, drawn up pursuant to articles 123-ter of Italian Legislative Decree 58 of 24 February 1998 (Consolidated Law on Finance) and 84-quater of the regulation adopted by Consob with resolution 11971/1999 (the Issuers' Regulation);
- to approve a new plan for the purchase of own shares, subject to the revocation of the resolution authorising the purchase and disposal of own shares, approved by the Shareholders' Meeting on 26 April 2018.

In September, Be Think Solve, Execute S.p.A. announced the launch of the programme for the purchase of own shares, by virtue of the authorisation resolved upon by the Shareholders' Meeting held on 18 April 2019, permitting the purchase of a maximum number of 2,250,000 ordinary shares of the Issuer. The purchase programme commenced on 17 September 2019 and ended on 31 December 2019; in said period, the Company purchased 1,525,368 ordinary shares of the same for a total counter value of Euro 1,787,175.

Events important to business development

In January, Be increased its interest in its German subsidiary Be AG (previously 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 Be AG, and was performed with a view to integrating the German subsidiaries operating in Bavaria into a single specialist hub.

In January, Be entered into a binding contract for the purchase of 60% of the share capital of Tesla Consulting S.r.l, an Italian company operating in the field of "Cyber Security" and "Digital Forensics". This contract gave Be full control of the company, also through the appointment of the majority of the members of the same company's Board of Directors. 5% of the interest was formally transferred on 5 February 2019 and 55% on 1 July 2019 at the time of the payment of the same. The parties also agreed on a "Put & Call" structure to purchase the residual capital in two tranches by 30 June 2028.

In April, the Be Group and Yolo S.r.l. signed a strategic partnership agreement in the fields of technological innovation and local and international business development to speed up the transformation of the Insurance segment.

The range of Digital Insurance products and the development of Yolo's proprietary platforms will have full access to the capabilities of the Be Group with a view to the design, management and development of innovative solutions for the insurance and finance industry. The agreement will create a situation of strong disruption in this dynamic market segment. Yolo's expertise in innovation and the different dimensions of its product range (B2C, B2B, B2B2C) will receive the full support of Be's laboratories and teams of specialists and industry experts. Initially, Be will work alongside Yolo in the management of its technological platform, and in the digital development of its product range, handling the architecture and technological roadmap in the medium term.

In July 2019, as envisaged in the contract, 55% of the share capital of Tesla Consulting S.r.l., an Italian company specialised in services and solutions for cyber security and digital forensics was formally transferred to the Be Group. The transaction represents a progressive strengthening of Be's presence in this sector, which will become increasingly important over the next 36 months. The transaction follows the entry in the share capital of Tesla Consulting in February 2019 and brings the amount of share capital held to 60%.

Other significant events

On 16 October 2019, the Be Group approved and presented the guidelines and targets of the 2020-2022 Industrial Plan (hereinafter "the Plan" or "2020-2022 Plan") to the financial community. In the wake of the financial industry's high demand for consulting services, with digitalization in the forefront, The Plan aims to take the Group to the next level, with revenues of up to Euro 250 million, Euro 60 million of which represent potential M&A growth, and EBITDA of Euro 45 million, Euro 10 million of which represent potential M&A growth.

With a resolution approved on 7 November 2019, the Board of Directors of Be S.p.A. decided to allocate the company that was in the process of being established at the time, Be Shaping the Future Corporate Services S.r.l., wholly controlled by Be S.p.A., (established on 26 November 2019 and later transformed into a joint-stock company by a resolution of the Shareholders' Meeting on 5 December 2019) an organised economic and financial unit, identified as a business division dedicated to providing corporate services.

The business division allocated, effective from 1 January 2020, will be comprised by the cash and cash equivalents, personnel and relative assets and liabilities, and instrumental contracts relating to and/or mainly relating to the operations of the division.

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 2019 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 (EBITDA) - an indicator not envisaged by the IFRS (Communication CERS/05-178b).

Adoption of IFRS 16

The new accounting standard IFRS 16 "Leases", which establishes a single model for the recognition of lease contracts, by eliminating the difference between operating and finance leases entered into force on 1 January 2019. At the time of initial application, the Group exercised the option of recognising the effect relating to the retroactive restatement of amounts in shareholders' equity at 1 January 2019, without having to restate the previous years used for comparative purposes (modified retrospective approach). IFRS 16 has been applied to all contracts previously classified as leases according to IAS 17 and IFRIC 4, but not to those that had not been classified as leases. A description of the main assumptions adopted and the practical expedients used for first-time application of the new accounting standard is provided in the 2018 Financial Statements to which the reader should refer.

In brief, the accounting of IFRS 16 lease contracts envisages the following:

- in the statement of financial position, the recognition of an asset, representing its right of use (hereinafter "right-of-use asset"), and of a liability (hereinafter "lease liability"), representing the obligation to make the payments envisaged by the contract; as permitted by the standard, the right-of-use asset and the lease liability are recognised as separate items with respect to other asset and liability components;
- in the income statement, the depreciation of right of use assets is recognised under operating costs, and the interest expense accrued on the lease liability, if not capitalised, is recognised in the financial section, instead of the operating lease payments recognised under operating costs in accordance with the provisions of the accounting standard in force up until 2018. The income statement also includes the payments relating to short-term lease contracts or those of a modest value, as permitted by the simplified approach of IFRS 16.

6.1 Group operating performance

The Value of production amounted to Euro 152.3 million, compared to Euro 150.2 million in 2018 (+1.4%).

Overall, the improvement in the value of production is due to the Business Consulting segment (+5.7%), while the ICT segment recorded a fall of 9.5%.

Operating revenue amounted to Euro 148.5 million, compared to Euro 145.3 million in 2018 (+2.2%).

Other revenue and income amounted to Euro 3.7 million, compared to Euro 4.9 million in the previous year (-24.5%). Note that in 2018, other revenue and income included the capital gain of Euro 2.6 million made on the sale of the BPO/DMO business divisions of the subsidiary Be Solution S.p.A.

Operating costs net of internal capitalisations amounted to Euro 126.4 million, compared to Euro 126.7 million in 2018 (-0.2%), and specifically:

- service costs were around Euro 58.1 million (+1.7%);
- personnel costs totalled Euro 72.8 million (+2.3%);
- the capitalisation of costs, mainly related to personnel working on projects to develop in-house software platforms, amounted to Euro 6.2 million (+68.5%).

The Gross Operating Margin (EBITDA) was Euro 25.9 million, up 9.8% compared to 2018 (Euro 23.6 million). *The EBITDA* margin was 17.0% against 15.7% in 2018.

Amortisation and depreciation totalled Euro 8.7 million, against Euro 5.3 million last year.

Provisions and write-downs totalled Euro 5.0 million, against Euro 7.0 million last year. Provisions include estimated costs of around Euro 4.2 million, whose realisation is uncertain, categorised as *personnel costs* and *costs for services* in the Income Statement.

Operating profit (loss) (EBIT) was Euro 12.2 million, up 8.6% compared to 2018 (Euro 11.3 million). *The EBIT margin* stood at 8.0% against 7.5% in 2018.

Profit (loss) before tax from continuing operations was Euro 11.1 million, up 10.4% compared to 2018 (Euro 10.1 million).

Taxes for FY 2019 amounted to Euro 4.6 million, compared to Euro 3.7 million last year.

Group net profit was Euro 6.1 million, against a profit of Euro 5.5 million in 2018, up by 11.1%.

At 31 December 2019, 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 2019, and is compared to the amounts of the previous year.

Restated Consolidated Income Statement

Amounts in EUR thousands	**FY 2019**	**FY 2018**	**Δ**	**Δ (%)**
Operating revenue	148,546	145,282	3,264	2.2%
Other revenue and income	3,729	4,941	(1,212)	(24.5%)
Value of production	**152,275**	**150,223**	**2,052**	**1.4%**
Cost of raw materials and consumables	(399)	(220)	(179)	81.4%
Cost of services and use of third-party assets	(58,149)	(57,154)	(995)	1.7%
Personnel costs	(72,756)	(71,142)	(1,614)	2.3%
Other costs	(1,344)	(1,852)	508	(27.4%)
Internal capitalisations	6,249	3,709	2,540	68.5%
Gross Operating Margin (EBITDA)[2]	**25,876**	**23,564**	**2,312**	**9.8%**
Amortisation and depreciation	(8,679)	(5,333)	(3,346)	62.7%
Write-downs and provisions[3]	(4,958)	(6,958)	2,000	(28.7%)
Operating profit (loss) (EBIT)	**12,239**	**11,273**	**966**	**8.6%**
Net financial income and expense	(1,121)	(1,199)	78	(6.5%)
Profit (loss) before tax from continuing operations	**11,118**	**10,074**	**1,044**	**10.4%**
Taxes	(4,561)	(3,671)	(890)	24.2%
Net profit (loss) from continuing operations	**6,557**	**6,403**	**154**	**2.4%**
Net profit (loss) from discontinued operations	0	0	0	n.a.
Consolidated net profit (loss)	**6,557**	**6,403**	**154**	**2.4%**
Net profit (loss) attributable to minority interests	470	922	(452)	(49.0%)
Group net profit (loss)	**6,087**	**5,481**	**606**	**11.1%**

2 *Gross Operating Margin (EBITDA): this alternative performance indicator is calculated as the net profit (loss) of the group adjusted by certain income statement items. More specifically, in addition to adjustments relating to interest, taxes and amortisation/depreciation, the indicator is adjusted by provisions for personnel bonuses of Euro 4.2 million, Euro 2.7 million of which is included in personnel costs (see Note 29 of the Notes to the Financial Statements) and Euro 1.5 million of which in costs for services (see Note 28 of the Notes to the Financial Statements) and by the bad debt provision and provisions for risks of Euro 0.7 million (see Note 33 of the Notes to the Financial Statements).*

3 *This item includes, as clarified above, provisions for personnel bonuses of Euro 4.2 million, Euro 2.7 million of which is included in personnel costs (see Note 28 of the Notes to the Financial Statements) and Euro 1.5 million of which in costs for services (see Note 27 of the Notes to the Financial Statements) and write-downs of Euro 0.7 million (see Note 33 of the Notes to the Financial Statements).*

The impact of adopting IFRS 16 on the Restated Consolidated Income Statement is illustrated below:

Amounts in EUR thousands	**FY 2019 Before IFRS 16**	**IFRS 16 impact**	**FY 2019**
Value of production	**152,275**		**152,275**
Cost of services and use of third-party assets	(60,930)	2,781	(58,149)
Gross Operating Margin (EBITDA)	**23,095**	**2,781**	**25,876**
Amortisation and depreciation	(5,783)	(2,896)	(8,679)
Operating profit (loss) (EBIT)	**12,354**	**(115)**	**12,239**
Net financial income and expense	(965)	(156)	(1,121)
Profit (loss) before tax from continuing operations	**11,389**	**(271)**	**11,118**

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

Value of production by operating segment

Amounts in EUR millions	**FY 2019**	**%**	**FY 2018**	**%**	**Δ (%)**
Business Consulting	112.7	74.0%	106.6	71.0%	5.7%
ICT Solutions	39.0	25.6%	43.1	28.7%	(9.5%)
Other	0.6	0.4%	0.5	0.3%	20.0%
TOTAL	**152.3**	**100.0%**	**150.2**	**100.0%**	**1.4%**

The breakdown of the Value of production by professional service area shows a prevalence of the Business Consulting segment corresponding to 74% of total value of production, with respect to the ICT Solutions segment, which was instead 25.6%.

In 2019, the Business Consulting segment recorded an increase in the value of production of 5.7%, rising from Euro 106.6 million to Euro 112.7 million, while the ICT Solutions segment recorded a decrease of 9.5%, falling from Euro 43.1 million to Euro 39.0 million, mostly due to lower revenues recorded by the insurance and industry segments.

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 2019**	**%**	**FY 2018**	**%**	**Δ (%)**
Banks	118.3	77.7%	113.4	75.5%	4.3%
Insurance	19.5	12.8%	22.4	14.9%	(12.9%)
Industry	9.8	6.4%	11.4	7.6%	(14.0%)
Public Administration	1.3	0.9%	2.9	1.9%	(55.2%)
Other	3.4	2.2%	0.1	0.1%	n.a.
TOTAL	**152.3**	**100.0%**	**150.2**	**100.0%**	**1.4%**

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 2019**	**%**	**FY 2018**	**%**	**Δ (%)**
Italy	94.0	61.7%	91.1	60.7%	3.2%
DACH Region (Germany, Austria, Switzerland)	37.8	24.8%	42.1	28.0%	(10.2%)
UK and Spain	14.7	9.7%	13.4	8.9%	9.7%
CEE Region (Poland, Ukraine, Romania)	5.8	3.8%	3.6	2.4%	61.1%
TOTAL	**152.3**	**100.0%**	**150.2**	**100.0%**	**1.4%**

Lastly note that in 2019, 61.7% of production was generated by the domestic market, while the remaining 38.3% by the foreign market. The DACH Region (DE, AUT and SUI) continues to make a significant contribution to the generation of revenues, specifically Euro 37.8 million, although 10.2% lower than that of the previous year.

The CEE Region markets recorded revenues of Euro 5.8 million, up by 61.1% compared to last year, while the UK and Spanish markets generated total revenues of Euro 14.7 million, up by 9.7% against last year.

6.2 Breakdown of Group equity and financial positions

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

Restated Statement of Financial Position

Amounts in EUR thousands	**31.12.2019**	**31.12.2018**	**Δ**	**Δ (%)**
Non-current assets	101,816	87,128	14,688	16.9%
Current assets	33,135	31,488	1,647	5.2%
Non-current liabilities	(22,667)	(25,474)	2,807	(11.0%)
Current liabilities	(44,785)	(39,290)	(5,495)	14.0%
Net Invested Capital	**67,499**	**53,852**	**13,647**	**25.3%**
Shareholders' Equity	56,072	54,776	1,296	2.4%
Net Financial Indebtedness	11,427	(924)	12,351	n.a.

Non-current assets are mostly represented by goodwill (Euro 65.1 million), recognised at the time of business combinations, intangible assets (Euro 19.6 million) mostly relating to software, rights of use (Euro 8.7 million), property, plant and equipment (Euro 2.1 million), deferred tax assets (Euro 3.1 million) and receivables and other non-current assets (Euro 2.2 million).

Current assets recorded a rise of Euro 1.6 million compared to 31 December 2018, due mainly to the increase in trade receivables.

Non-current liabilities mostly refer to payables for post-employment benefits (TFR) of Euro 7.0 million, deferred tax liabilities of Euro 7.3 million and provisions for risks and charges of Euro 1.6 million, plus other liabilities of Euro 6.7 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 12.4 million, current provisions for risks and charges of Euro 7.1 million and other liabilities and tax payables totalling Euro 25.3 million - recorded an overall rise of Euro 5.5 million.

Consolidated shareholders' equity was Euro 56.1 million, compared to Euro 54.8 million at 31 December 2018.

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	**31.12.2019**	**31.12.2018**	**Δ**	**Δ (%)**
Inventories	3	7	(4)	(57.1%)
Trade receivables	29,414	27,789	1,625	5.8%
Trade payables	(12,366)	(11,839)	(527)	4.5%
Net Operating Working Capital (NOWC)	**17,051**	**15,957**	**1,094**	**6.9%**
Other short-term receivables	3,718	3,692	26	0.7%
Other short-term liabilities	(32,419)	(27,451)	(4,968)	18.1%
Net Working Capital (NWC)	**(11,650)**	**(7,802)**	**(3,848)**	**49.3%**

The net financial position at 31 December 2019 was Euro -11.4 million, compared with a net financial position of Euro +0.9 million at 31 December 2018.

The breakdown is shown in the table below:

Consolidated Net Financial Indebtedness

	Amounts in EUR thousands	**31.12.2019**	**31.12.2018**	**Δ**	**Δ (%)**
	Cash and cash equivalents at bank	34,185	36,010	(1,825)	(5.1%)
A	**Cash and cash equivalents**	**34,185**	**36,010**	**(1,825)**	**(5.1%)**
B	**Current financial receivables**	**104**	**511**	**(407)**	**(79.6%)**
	Current bank payables	(4,525)	(9,644)	5,119	(53.1%)
	Current share of medium/long-term indebtedness	(10,895)	(9,980)	(915)	9.2%
	Payables for current rights of use	(3,004)	0	(3,004)	n.a.
	Other current financial payables	(152)	(490)	338	(69.0%)
C	**Current financial indebtedness**	**(18,576)**	**(20,114)**	**1,538**	**(7.6%)**
D	**Current net financial position (A+B+C)**	**15,713**	**16,407**	**(694)**	**(4.2%)**
	Non-current bank payables	(20,926)	(15,418)	(5,508)	35.7%
	Payables for non-current rights of use	(6,214)	0	(6,214)	n.a.
	Other non-current financial payables	0	(65%)	65	n.a.
E	**Non-current net financial position**	**(27,140)**	**(15,483)**	**(11,657)**	**75.3%**
F	**Net financial position (D+E)**	**(11,427)**	**924**	**(12,351)**	**n.a.**

With regard to items in the table, in addition to cash and cash equivalents of Euro 34.2 million (Euro 36.0 million at 31 December 2018), we also draw attention to:

- current financial receivables of Euro 0.1 million (Euro 0.5 million at 31 December 2018) originating from prepaid expenses on factoring interest;
- current payables to banks at 31 December 2019 of around Euro 18.6 million (Euro 20.1 million at 31 December 2018), relating to:
  - current bank payables of Euro 4.5 million (Euro 9.6 million at 31 December 2018), mainly represented by:
    a) Euro 3.3 million in short-term credit facilities classed as "advances to suppliers" of Euro 0.7 million and as "accounts payable to suppliers" of Euro 2.6 million;
    b) Euro 1.2 million relating to the residual portion of a short-term loan for an original amount of Euro 3.5 million, to be fully repaid by March 2020;
  - around Euro 10.9 million as the current portion of loans received;
  - payables for current rights of use of Euro 3.0 million relating to lease liabilities, resulting from the application of IFRS 16 from 1 January 2019;
  - other current financial payables of 0.2 million, mainly referring to interest accrued and not paid, and to financial payables due to customers for credit for ticket sales on behalf of third parties.
- non-current financial payables of Euro 27.1 million (Euro 15.5 million at 31 December 2018) of which:
  - Euro 21.0 million in payables to banks for unsecured medium/long-term loans due beyond 12 months;
  - Euro 6.2 million in payables for current rights of use of relating to lease liabilities, resulting from the application of IFRS 16 from 1 January 2019.

From 1 January 2019, with the application of IFRS 16, the main economic and financial indicators will be considerably impacted and will not be comparable to the figures from previous years.

With regard to financial data, the recognition of Right of use assets as a balancing entry mainly to payables for rights of use has led to a significant increase net financial indebtedness. Therefore, to make the figures at 31 December 2019 comparable with hose at 31 December 2018, the net financial indebtedness at 31 December 2019 has been restated as follows:

Amounts in EUR thousands		**31.12.2019**	**31.12.2018**	**Δ**	**Δ (%)**
A	**Net financial position**	**(11,427)**	**924**	**(12,351)**	**n.a.**
	Payables for current rights of use	(3,004)	0	(3,004)	n.a.
	Payables for non-current rights of use	(6,214)	0	(6,214)	n.a.
B	**Payables for rights of use**	**(9,218)**	**0**	**(9,218)**	**n.a.**
C	**Net financial position before IFRS 16 (A-B)**	**(2,209)**	**924**	**(3,133)**	**n.a.**

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

The Parent Company's Value of production amounted to Euro 5.9 million, compared to Euro 6.8 million in 2018, recording a drop of Euro 0.9 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 4.2 million, against a loss of Euro 4.4 million last year.

Operating profit (loss) (EBIT) recorded a loss of around Euro 6.1 million, against a loss of around Euro 6.0 million in the previous year.

Provisions include estimated costs of around Euro 1.8 million, whose realisation is uncertain, categorised as *personnel costs* and *costs for services* in the Income Statement of the Parent Company.

Financial management recorded an income of Euro 10.3 million, with respect to Euro 6.5 million the previous year, broken down into:

- dividends of Euro 10.0 million;
- net financial income of Euro 0.3 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 0.8 million (Euro 0.6 million in 2018). Interest expense due to the Banking system amounted to around Euro 0.45 million (Euro 0.4 million in 2018), of which Euro 0.05 million on drawdowns of short-term credit facilities and Euro 0.4 million related to financial payables on maturity.

Profit (loss) before tax recorded a profit of Euro 4.3 million, compared to Euro 0.6 million in 2018.

Taxes recorded a positive balance of Euro 0.9 million, compared to Euro 1.2 million last year, accrued against:

- tax benefits of around Euro 1.8 million relating to the Group Tax Consolidation scheme;
- the net negative impact of around Euro 0.9 million, of deferred tax assets/liabilities.

Following the above, the 2019 Parent Company's financial statements closed with a profit of Euro 5.2 million, compared to a profit of Euro 1.7 million last year.

The Income Statement is shown below, restated for FY 2019, and is compared to the amounts of the previous year.

Parent Company Restated Income Statement

Amounts in EUR thousands	FY 2019	FY 2018	Δ	Δ (%)
Operating revenue	4,490	4,582	(92)	(2.0%)
Other revenue and income	1,459	2,233	(774)	(34.7%)
Value of production	**5,949**	**6,815**	**(866)**	**(12.7%)**
Cost of raw materials and consumables	(1)	(2)	1	(50.0%)
Cost of services and use of third-party assets	(6,487)	(7,264)	777	(10.7%)
Personnel costs	(3,439)	(3,578)	139	(3.9%)
Other costs	(202)	(330)	128	(38.8%)
Gross Operating Margin (EBITDA)[4]	**(4,180)**	**(4,359)**	**179**	**(4.1%)**
Amortisation and depreciation	(61)	(5)	(56)	n.a.
Write-downs and provisions[5]	(1,809)	(1,590)	(219)	13.8%
Operating profit (loss) (EBIT)	**(6,050)**	**(5,954)**	**(96)**	**1.6%**
Net financial income and expense	10,327	7,251	3,076	42.4%
Write-down of financial assets	0	(738)	738	n.a.
Profit (loss) before tax from continuing operations	**4,277**	**559**	**3,718**	**n.a.**
Taxes	927	1,170	(243)	(20.8%)
Net profit (loss) from continuing operations	**5,204**	**1,729**	**3,475**	**n.a.**
Net profit (loss) from discontinued operations	0	0	0	n.a.
Net profit (loss)	**5,204**	**1,729**	**3,475**	**n.a.**

The impact of adopting IFRS 16 on the Restated Consolidated Income Statement of the Parent Company is illustrated below:

Amounts in EUR thousands	FY 2019 Before IFRS 16	IFRS 16 impact	FY 2019
Value of production	**5,949**		**5,949**
Cost of services and use of third-party assets	(6,546)	59	(6,487)
Gross Operating Margin (EBITDA)	**(4,239)**	**59**	**(4,180)**
Amortisation and depreciation	(5)	(56)	(61)
Operating profit (loss) (EBIT)	**(6,053)**	**3**	**(6,050)**
Net financial income and expense	10,329	(2)	10,327
Profit (loss) before tax from continuing operations	**4,276**	**1**	**4,277**

4 *Gross Operating Margin (EBITDA): this alternative performance indicator is calculated as the net profit (loss) of the group adjusted by certain income statement items. More specifically, in addition to the adjustments relating to interest, taxes and amortisation/depreciation, the indicator is adjusted by provisions for personnel bonuses of Euro 1.76 million, Euro 0.25 million of which is included in personnel costs (see Note 30 of the Parent Company's Financial Statements) and Euro 1.5 million of which in costs for services (see Note 29 of the Parent Company's Report on Operations) and bad debt provisions of Euro 0.05 million (see Note 33 of the Parent Company's Financial Statements).*

5 *As clarified above, this item includes the provisions for personnel bonuses of Euro 1.76 million, Euro 0.25 million of which is included in personnel costs (see Note 30 of the Parent Company's Financial Statements) and Euro 1.5 million of which in costs for services (see Note 29 of the Parent Company's Report on Operations) and bad debt provisions of Euro 0.05 million (see Note 33 of the Parent Company's Financial Statements).*

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	**31.12.2019**	**31.12.2018**	**Δ**	**Δ (%)**
Non-current assets	54,984	46,584	8,400	18.0%
Current assets	20,992	16,706	4,286	25.7%
Non-current liabilities	(3,701)	(6,514)	2,813	(43.2%)
Current liabilities	(14,229)	(9,303)	(4,926)	52.9%
Net invested capital	**58,046**	**47,473**	**10,573**	**22.3%**
Shareholders' Equity	43,000	43,041	(41)	(0.1%)
Net financial indebtedness	15,046	4,432	10,614	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	**31.12.2019**	**31.12.2018**	**Δ**	**Δ (%)**
	Cash and cash equivalents at bank	26,281	25,713	568	2.2%
A	**Cash and cash equivalents**	**26,281**	**25,713**	**568**	**2.2%**
B	**Current financial receivables**	**10,958**	**19,436**	**(8,478)**	**(43.6%)**
	Current bank payables	(2,995)	(9,311)	6,316	(67.8%)
	Current share of medium/long-term indebtedness	(10,895)	(9,980)	(915)	9.2%
	Payables for current rights of use	(64)	0	(64)	n.a.
	Other current financial payables	(18,264)	(14,871)	(3,393)	22.8%
C	**Current financial indebtedness**	**(32,218)**	**(34,163)**	**1,945**	**(5.7%)**
D	**Current net financial position (A+B+C)**	**5,021**	**10,987**	**(5,966)**	**(54.3%)**
	Non-current bank payables	(20,926)	(15,418)	(5,508)	35.7%
	Payables for non-current rights of use	(61)	0	(61)	n.a.
	Other non-current financial payables	0	0	0	n.a.
	Other non-current financial receivables[6]	920	0	920	n.a.
E	**Non-current net financial position**	**(20,067)**	**(15,418)**	**(4,649)**	**30.2%**
F	**Net financial position (D+E)**	**(15,046)**	**(4,432)**	**(10,614)**	**n.a.**

The net financial position of Be S.p.A. at 31 December 2019 was around Euro 15.0 million (Euro 4.4 million at 31 December 2018), and breaks down into:

- Euro 26.3 million (Euro 25.7 million at 31 December 2018) in cash and cash equivalents at bank;

[6] *In accordance with the Consob format, note that this item is not shown in the Net Financial Position contained in the Notes to the Financial Statements of the Parent Company.*

- Euro 11.0 million (Euro 19.4 million at 31 December 2018) in receivables due from subsidiaries, relating to centralised treasury activities and the short-term portion of an intercompany loan;
- Euro 3.0 million (Euro 9.3 million at 31 December 2018) in current payables due to banks, of which mainly Euro 1.8 million for drawdowns in the form of “accounts payable to suppliers” and “advances on invoices” and Euro 1.2 million for "short-term loans";
- Euro 10.9 million (Euro 10.0 million at 31 December 2018) relating to the portion of existing medium to long-term loans maturing in the following year;
- Euro 0.1 million in payables for current rights of use of relating to lease liabilities resulting from the application of IFRS 16 from 1 January 2019;
- Euro 18.3 million (Euro 14.9 million at 31 December 2018) in payables to subsidiaries, relating to centralised treasury activities;
- Euro 21.0 million (Euro 15.4 million at 31 December 2018) referred mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months;
- Euro 0.1 million in payables for non-current rights of use of relating to lease liabilities, resulting from the application of IFRS 16 from 1 January 2019;
- Euro 0.9 million in non-current receivables due from subsidiaries relating to the portion of the existing medium-long term intercompany loan maturing in the following year.

From 1 January 2019, with the application of IFRS 16, the main economic and financial indicators will be considerably impacted and will not be comparable to the figures from previous years. With regard to financial data, the recognition of right of use assets as a balancing entry mainly to the payables for rights of use results in a significant increase of net financial indebtedness. Therefore, to make the figures at 31 December 2019 comparable with hose at 31 December 2018, the net financial indebtedness at 31 December 2019 has been restated as follows:

Amounts in EUR thousands		31.12.2019	31.12.2018	Δ	Δ (%)
A	**Net financial position**	**(15,046)**	**(4,432)**	**(10,614)**	**n.a.**
	Payables for current rights of use	(64)	0	(64)	n.a.
	Payables for non-current rights of use	(61)	0	(61)	n.a.
B	**Payables for rights of use**	**(125)**	**0**	**(125)**	**n.a.**
C	**Net financial position before IFRS 16 (A-B)**	**(14,921)**	**(4,432)**	**(10,492)**	**n.a.**

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 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 31.12.2019	Net profit (loss) 31.12.2019	Shareholders' Equity 31.12.2018	Net profit (loss) 31.12.2018
Shareholders' equity and Net profit (loss) from financial statements of the Parent Company	**43,000**	**5,204**	**43,041**	**1,728**
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	23,072	11,353	16,508	11,775
Other adjustments made at time of consolidation for:				
- write-down of equity investments			2,327	
- dividends from subsidiaries	(10,000)	(10,000)	(7,100)	(7,100)
Shareholders' equity and Consolidated net profit (loss)	**56,072**	**6,557**	**54,776**	**6,403**
Capital and minority reserves	1,732	470	1,723	922
Shareholders' equity and Net Profit (Loss) attributable to owners of the Parent Company	**54,340**	**6,087**	**53,053**	**5,481**

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 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 2020-2022 Business Plan. This Plan was prepared by the Directors on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. The forecasts represent the best estimate of future events expected to arise and of action that management intends to take. These were estimated on the basis of final figures, orders already received or sales to be made to established customers, as such presenting a lower degree of uncertainty and therefore a higher probability of actually occurring. Vice versa, the assumptions relate to future events and actions, fully or partly independent from management action. Consequently, the Directors acknowledge that the strategic objectives identified in the 2020-2022 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan, their extent and timing.

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

  The Be Group is exposed to financial risks associated with its operations, particularly interest rate risk, liquidity risk, credit risk and the risk of cash flow fluctuations. In addition, essential upkeep of the bank credit facilities held is important to the Group in order to meet its overall current funding needs and to achieve the objectives of the 2020-2022 Plan.

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

  The Be Group could have a negative impact on the value of its shareholders' equity if there should be any impairment to goodwill recognised in the financial statements at 31 December 2019 because of the incapacity to generate sufficient cash flows to satisfy those forecast and envisaged in the 2020-2022 Plan.

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

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

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

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

- **Risks associated with "Competition"**

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

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

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

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

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

- **Risks associated with internationalisation**

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

With regard to the main factors of **uncertainty** existing on the date of submission of this Consolidated Financial Report, we draw attention to those relating to the events that have gradually emerged over the course of the past few weeks concerning the growing and progressive spread at international and national level of the medical emergency relating to the COVID-19 pandemic (Coronavirus).

With regard to said emergency and to the increasingly restrictive measures imposed by the Italian Government Authorities to prevent and contain the spread of the pandemic in Italy, the Group reacted promptly in line with its protocols and policies for the management of emergencies and company crises, by establishing a Crisis Committee, which set a *contingency* plan in motion to guarantee the health and safety of its employees and partners, by providing for and extending where possible the adoption of *smart-working*, with a view to guarantee business and operational continuity both in the current scenario and in terms of possible further restrictions to the access of operating facilities.

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

At present, there are no grounds for not confirming our estimates as regards the objectives for 2020, and more generally, those of the whole 2020-2022 Business Plan.

At the time of preparation of the consolidated accounts at 31 December 2019, with regard to the main measurement and estimation processes, mostly relating to assessing the recoverability of goodwill and of intangible assets, sensitivity analyses were conducted, with a view to identifying the value of the key parameters in correspondence to which recoverable amounts coincide with book values.

Although conducted at a time of general uncertainty, said analyses did not indicate any clear risk of future impairment of the amounts recognised in the financial statements at 31 December 2019, even considering the worsened macro-economic scenario consequent to the above-described pandemic. Nevertheless, we cannot rule out the possibility that the continuation of the current situation of uncertainty may have economic impacts, which, on the date of preparation of the financial statements, cannot be quantified or estimated.

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 2019, investments mostly regarded the development and upgrade of the technological platforms "Universo Sirius" - relating to the management of Life and Non-life insurance portfolios, "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, Fimas 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 2019 was 1,320 employees (1,167 at 31 December 2018), located in 9 European countries.

In Italy, the residual business activities of DMO/BPO were terminated with the definitive closure of the operating unit in Pomezia.

From 1 January 2020, with a view to rendering the organisational structure of the Parent Company more streamlined and efficient, Be Think, Solve, Execute S.p.A. assigned all operating activities relating to the management of support processes for the Italian business to the newly-incorporated Be Shaping The Future Corporate Services S.p.A..

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

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).

7.6 Environment

Even though it is not an industrial transformation company, to provide full disclosure to its stakeholders, Be Group reports the main environmental performance indicators, mainly relating to energy consumption and emissions of CO2, in the specific section of the Consolidated Non-Financial Statement. The Group will evaluate whether to gradually supplement this disclosure with regard to the impact generated and suffered by the Group as regards *Climate Change*, also on the basis of changes in the relevant legislation, with particular regard to the recommendations of the European Commission (Communication 2019/C 209/01 "Guidelines on non-financial reporting: Supplement on reporting climate-related information"). At present, the risk related to *climate change* with regard to the sector in which the company operates and the type of customers it works with (mainly credit institutions) is considered low.

8. Events after 31 December 2019 and business outlook

As already illustrated in paragraph 7.1 Main risks and uncertainties to which the Be Group is exposed, from January 2020, the national and international scenario has been characterised by the spread of Covid-19 and by the consequent restrictive measures for its containment, set in place by the public authorities of the countries in question. These circumstances, which are extraordinary by nature and extension, are having direct and indirect repercussions on economic activity, creating a context of general uncertainty, whose evolution and relative effects are still not fully predictable.

More specifically, given the particular nature of the Be Group's reference market – mostly large Financial Institutions - and the current visibility as regards the progression of the Covid-19 Pandemic, it is expected to have a limited impact in the first half of the year. All of the major Financial institutions have accelerated their strategies to switch to digital and our Group is seeking to offer our full support to all of its customers.

A more complete opinion as to the expected performance of the market will be issued at the end of the first six-month period. At present, there are no grounds for not confirming our estimates as regards the objectives for 2020, and more generally, those of the whole 2020-2022 Business Plan.

In operational terms, in line with the provisions of the Prime Ministerial Decree of 9 March 2020, the majority of the company has adopted a *smart-working* approach, and the capacity of the technological equipment to support remote operations has been boosted. Business continuity is guaranteed everywhere. *Nearshoring* sites have been activated, for any potential requirements, at the competency centres in Poland and Romania, although at present there is no need whatsoever to transfer business activities there. Be is also in constant contact with the Authorities and health facilities to monitor the evolution of the measures needed to contain the pandemic. The health of its customers and employees is its top priority.

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

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

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 2019 to the Shareholders' Meeting for approval, which show a net profit of Euro 5,204,303.77 and proposes that the Shareholders' Meeting resolves:

- to approve the Financial Statements at 31 December 2019 of Be S.p.A.;
- to approve the proposal to allocate the net profit for the year, corresponding to Euro 5,204,303.77 as follows:
  - Euro 260,215.19 to the Legal Reserve;
  - Euro 4,944,088.58 to Profit carried forward;
  - to distribute a gross dividend of Euro 0.023 per share, drawn from Profit carried forward.

Milan, 12 March 2020.

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

SHAPING
THE FUTURE

Consolidated Financial Statements

A. Consolidated Statement of Financial Position

Amounts in EUR thousands	*Notes*	31.12.2019	31.12.2018
NON-CURRENT ASSETS			
Property, plant and equipment	*1*	2,161	2,201
Rights of use	*2*	8,679	0
Goodwill	*3*	65,060	61,555
Intangible Assets	*4*	19,632	16,446
Equity investments in other companies	*5*	829	329
Loans and other non-current assets	*6*	2,152	2,507
Deferred tax assets	*7*	3,303	4,090
Total non-current assets		**101,816**	**87,128**
CURRENT ASSETS			
Inventories	*8*	3	7
Trade receivables	*9*	29,414	27,789
Other assets and receivables	*10*	2,828	3,301
Direct tax receivables	*11*	890	391
Financial receivables and other current financial assets	*12*	104	511
Cash and cash equivalents	*13*	34,185	36,010
Total current assets		**67,424**	**68,009**
Total discontinued operations			
TOTAL ASSETS		**169,240**	**155,137**
SHAREHOLDERS' EQUITY			
Share capital		27,109	27,109
Reserves		21,144	20,463
Net profit (loss) attributable to owners of the Parent Company		6,087	5,481
Group Shareholders' equity		**54,340**	**53,053**
Minority interests:			
Capital and reserves		1,262	801
Net profit (loss) attributable to minority interests		470	922
Minority interests		**1,732**	**1,723**
TOTAL SHAREHOLDERS' EQUITY	*14*	**56,072**	**54,776**
NON-CURRENT LIABILITIES			
Financial payables and other non-current financial liabilities	*15*	20,926	15,483
Financial liabilities for non-current rights of use	*17*	6,214	0
Provision for non-current risks	*21*	1,649	5,255
Post-employment benefits (TFR)	*18*	6,953	6,575
Deferred tax liabilities	*19*	7,348	6,714
Other non-current liabilities	*20*	6,717	6,930
Total Non-current liabilities		**49,807**	**40,957**
CURRENT LIABILITIES			
Financial payables and other current financial liabilities	*16*	15,572	20,114
Financial liabilities for current rights of use	*17*	3,004	0
Trade payables	*22*	12,366	11,839
Provision for current risks	*21*	7,075	2,271
Tax payables	*23*	1,585	1,404
Other liabilities and payables	*24*	23,759	23,776
Total Current liabilities		**63,361**	**59,404**
Total discontinued operations		**0**	**0**
TOTAL LIABILITIES		**113,168**	**100,361**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**169,240**	**155,137**

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution 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***	**2019**	**2018**
Operating revenue	*25*	148,546	145,282
Other revenue and income	*26*	3,729	4,941
Total Revenue		**152,275**	**150,223**
Raw materials and consumables	*27*	(399)	(220)
Service costs	*28*	(59,658)	(58,744)
Personnel costs	*29*	(75,456)	(73,216)
Other operating costs	*30*	(1,344)	(1,852)
Cost of internal work capitalised	*31*	6,249	3,709
Amortisation, depreciation and write-downs:			
Depreciation of Property, Plant and Equipment	*32*	(826)	(765)
Amortisation of Intangible Assets	*32*	(4,957)	(4,568)
Amortisation of Rights of Use	*32*	(2,896)	0
Impairment loss on Non-current Assets	*32*	0	(364)
Allocations to provisions	*33*	(749)	(2,930)
Total Operating Costs		**(140,036)**	**(138,950)**
Operating profit (loss) (EBIT)		**12,239**	**11,273**
Financial income		101	62
Financial expense		(1,222)	(1,261)
Effect of measurement at equity		0	0
Total Financial Income/Expense	***34***	**(1,121)**	**(1,199)**
Profit (loss) before tax		**11,118**	**10,074**
Current income taxes	*35*	(3,110)	(2,714)
Deferred tax assets and liabilities	*35*	(1,451)	(957)
Total Income taxes		**(4,561)**	**(3,671)**
Net profit (loss) from continuing operations		**6,557**	**6,403**
Net profit (loss) from discontinued operations		**0**	**0**
Net profit (loss)		**6,557**	**6,403**
Net profit (loss) attributable to minority interests	*14*	**470**	**922**
Net profit (loss) attributable to owners of the Parent Company		**6,087**	**5,481**
Earnings (loss) per share:			
Basic earnings per share (Euro)	*36*	**0.05**	**0.04**
Diluted earnings per share (Euro)	*36*	**0.05**	**0.04**

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution 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	**2019**	**2018**
Net profit (loss)	**6,557**	**6,403**
Items not subject to reclassification in the income statement:		
Actuarial gains (losses) on employee benefits	(499)	(70)
Tax effect on actuarial gains (losses)	120	17
Items subject to reclassification in the income statement		
when certain conditions are met:		
Gains (losses) on cash flow hedges	(55)	(51)
Translation gains (losses)	348	(32)
Other items of comprehensive income	**(86)**	**(136)**
Net comprehensive profit (loss)	**6,471**	**6,267**
Attributable to:		
Owners of the Parent Company	6,001	5,343
Minority interests	470	924

D. Consolidated Statement of Cash Flows

Amounts in EUR thousands	*Notes*	2019	2018
Net profit (loss)		6,557	6,403
Amortisation, depreciation and write-downs	*31-33*	8,679	5,333
Non-monetary changes in post-employment benefits (TFR)		837	220
Net financial expense in the income statement	*34*	1,198	1,240
Taxes for the year	*35*	3,110	2,714
Deferred tax assets and liabilities	*35*	1,451	957
Losses on current assets and provisions	*32-33*	4,958	6,958
Release of bad debt provisions	*21*	(408)	(507)
Cost of internal work capitalised	*30*	(6,249)	(3,709)
Other non-monetary changes		(55)	(50)
Exchange rate conversion differences		(28)	(6)
Cash flow from operating activities		**20,050**	**19,553**
Change in inventories	*8*	4	8
Change in trade receivables	*9*	(1,205)	(2,245)
Change in trade payables	*21*	207	45
Use of bad debt provisions	*20*	(3,352)	(835)
Other changes in current assets and liabilities		(1,146)	497
Income taxes paid	*21*	(1,908)	(468)
Post-employment benefits (TFR) paid	*16*	(973)	(641)
Other changes in non-current assets and liabilities		(951)	(753)
Change in net working capital		**(9,324)**	**(4,392)**
Cash flow from (used in) operating activities		**10,726**	**15,161**
(Purchase) of property, plant and equipment net of disposals	*1*	(747)	(968)
(Purchase) of intangible assets net of disposals	*3*	(1,562)	(119)
Cash flow from business combinations net of cash acquired	*2.13*	(1,936)	(1,339)
(Purchase)/sale of equity investments and securities		(500)	67
Cash flow from (used in) investing activities		**(4,745)**	**(2,359)**
Change in current financial assets	*12*	407	216
Change in current financial liabilities	*16*	(4,498)	3,048
Financial expense paid		(1,165)	(1,156)
Change in non-current financial liabilities	*15*	5,444	3,397
Repayments of lease liabilities		(2,535)	0
Cash paid for purchase of share pertaining to third parties		(283)	0
Cash paid to purchase own shares		(2,290)	(2,366)
Distribution of dividends paid to Group shareholders		(2,896)	(2,698)
Contributions from minority interests	*14*	10	0
Cash flow from (used in) financing activities		**(7,806)**	**441**
Cash flow from (used in) discontinued operations		**0**	**0**
Cash and cash equivalents		**(1,825)**	**13,243**
Net cash and cash equivalents - opening balance	*13*	36,010	22,767
Net cash and cash equivalents - closing balance	*13*	34,185	36,010
Net increase (decrease) in cash and cash equivalents		**(1,825)**	**13,243**

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution 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 profit carried forward	Profit (loss) for the year	Group Shareholders' equity	Minority interests	Total
SHAREHOLDERS' EQUITY AT 31.12.2017	**27,109**	**21,177**	**4,478**	**52,764**	**799**	**53,563**
Net profit (loss)			5,481	5,481	922	6,403
Other items of comprehensive income		(138)		(138)	2	(136)
Net comprehensive profit (loss)		**(138)**	**5,481**	**5,343**	**924**	**6,267**
Allocation of prior year profit (loss)		4,478	(4,478)			0
Purchase of own shares		(2,366)		(2,366)		(2,366)
Dividend distribution		(2,698)		(2,698)		(2,698)
Other changes		10		10		10
SHAREHOLDERS' EQUITY AT 31.12.2018	**27,109**	**20,463**	**5,481**	**53,053**	**1,723**	**54,776**
Net profit (loss)			6,087	6,087	470	6,557
Other items of comprehensive income		(86)		(86)		(86)
Net comprehensive profit (loss)		**(86)**	**6,087**	**6,001**	**470**	**6,471**
Allocation of prior year profit (loss)		5,481	(5,481)			
Purchase of own shares		(2,289)		(2,289)		(2,289)
Capital contributions					10	10
Dividend distribution		(2,896)		(2,896)	0	(2,896)
(Purchases)/Disposals of Minority Interests		472		472	(472)	0
SHAREHOLDERS' EQUITY AT 31.12.2019	**27,109**	**21,144**	**6,087**	**54,340**	**1,732**	**56,072**

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 1,300 employees and branches in Italy, Germany, United Kingdom, Switzerland, Austria, Poland, the Ukraine, Spain and Romania, in 2019 the Group recorded total revenues of Euro 152.3 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 2019 were approved for publication by the Parent Company Board of Directors on 12 March 2020.

2. Measurement criteria and accounting standards

2.1. Presentation criteria

The consolidated financial statements of the Be Group at 31 December 2019 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 2019".

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, based in turn 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 2020-2022 Plan, approved by the Board of Directors' Meeting held on 19 February 2020 (hereinafter "2020-2022 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 2020-2022 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan, their extent and timing.

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.

In this regard, although at a time of general uncertainty generated by the spread, in 2020, of Covid 19 (Coronavirus) and by the consequent restrictive measures set in place to contain it, at present we believe that the grounds on which the forecasts of future cash flows used for impairment testing were based can still be considered valid. Nevertheless, we cannot rule out the possibility that the continuation of the current situation of uncertainty may have economic impacts, which, on the date of preparation of the financial statements, cannot be quantified or estimated. Therefore, it is important to note that, based on the coverage resulting from impairment testing of asset values recognised, at present the Directors do not believe there are any elements of uncertainty as to the recoverability of the same, although they will be continuously monitored during the rest of the year. Further details on the considerations of the Directors with regard to the spread of the Coronavirus are provided in the Management Report.

2.4. Disclosure on going concern assumptions

The 2020-2022 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 6 "Events after 31 December 2019 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 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 Shaping the Future Corporate Services S.p.A.	Rome	50,000	EUR	Be S.p.A.	100%	0%
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%
Tesla Consulting S.r.l.	Bologna	10,000	EUR	Be Consulting S.p.A.	60%	40%
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 TSE GmbH	Munich	92,033	EUR	Be Consulting S.p.A.	90%	10%
Be Shaping The Future AG	Munich	1,882,000	EUR	Be TSE GmbH	100%	0%
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 2018, the scope of consolidation has been altered by the following events:

- In January, Be Group increased its interest in its German subsidiary Be Shaping The Future AG (previously R&L AG) to 100%. The operation was finalised through the sub-holding of the DACH area, Be TSE GmbH, which already held 58.84% of Be Shaping The Future AG;
- in January, Be Group entered into a binding contract for the purchase of 60% of the share capital of Tesla Consulting S.r.l, an Italian company operating in the field of "Cyber Security" and "Digital Forensics". This contract gave Be Group full control of the company, also through the appointment of the majority of the members of the same company's Board of Directors. 5% of the interest was formally transferred on 5 February

2019 and 55% on 1 July 2019 at the time of the payment of the same. The parties also agreed on a "Put & Call" structure to purchase the residual capital in two tranches by 30 June 2028.

- in December, the "strike off" ("liquidation") process of Be Sport, Media & Entertainment Ltd was completed with the cancellation of the same company from the company register.
- in November, a company called Be Shaping the Future Corporate Services S.r.l. was established, then transformed into an S.p.A., with a view to centralising the performance of Corporate Services in a single company.

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 2019 - 2018 financial statements in foreign currencies:

Exchange rates

Currency	2019 average	31.12.2019	2018 average	31.12.2018
British Pound (GBP)	0.8774	0.8508	0.8848	0.8945
Polish Zloty (PNL)	4.2974	4.2568	4.2612	4.3014
Ukrainian Hryvnia (UAH)	28.9235	26.7195	32.1075	31.7362
Romanian Leu (RON)	4.7457	4.7830	4.6540	4.6635
Swiss Franc (CHF)	1.1126	1.0854	1.1549	1.1269

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.

2.9.1.1. 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 under intangible assets 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.

2.9.2. Rights of use

For rights of use, refer to note 2.9.16.

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 expense 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%
Leasehold improvements	according to the term of the contract

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. 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 face value and subsequently reduced by any impairment losses established in accordance with the content of note 2.9.19. 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. Own shares

Own 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, post-employment benefits (TFR) provision 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 payables 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. Leased assets

Assets acquired through lease agreements are recognised in property, plant and equipment under a specific item called "Rights of use" at an amount corresponding to the value of the financial liability calculated on the basis of the present value of future payments discounted by using the incremental borrowing rate for each agreement. The debt is progressively reduced based on the repayment plan of the principal amount included in the payments envisaged in the agreement, the interest amount is instead recognised in the income statement and classified as financial expense.

The value of the right of use is systematically depreciated on the basis of the expiry terms of the lease agreement, also considering the likely renewal of the agreement in the presence of an enforceable renewal option. Payments relating to lease agreements with a term equal to or less than 12 months, and agreements whose underlying asset is of low value are recognised on a straight line basis in the income statement based on 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 with the subsidiary Be Solutions, Solve, Realize & Control S.p.A. (hereinafter “Be Solutions”) for the three-year period 2019-2021 with the subsidiary Juniper S.r.l..

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 until FY 2020.

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 measured 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 and hedges

Derivative financial instruments, including embedded derivatives are assets and liabilities recognised at fair value according to IAS 39.

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 2019, the Group had four swaps in place after entering into three loan agreements with a term of five years, at a floating rate of interest.

2.9.25. Liabilities for Put & Call

Put & Call contracts that envisage the right of minority shareholders to sell their minority interests, generate a liability for the Group in the Consolidated Financial Statements. Said liabilities are recognised at *fair value* with the simultaneous reduction of the net equity attributed to the minority shareholders. Subsequently, the liabilities are measured at *fair value* and the relative changes are booked to the income statement.

2.10. IFRS accounting standards, amendments and interpretations applicable from 1 January 2019

The accounting standards adopted are the same as for the previous year, except for those entering into force from 1 January 2019, and adopted by the Group for the first time, i.e.:

- On 13 January 2016, the IASB published standard **IFRS 16 - Leases**, which replaces 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 Standard provides a new definition of lease and introduces a criterion based on the notion of control (right of use) of an asset to distinguish lease contracts from service contracts, identifying the following as discriminants for leases: 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 introduce any significant changes for lessors.

The change in the definition of lease mainly relates to the criterion based on control ("right of use"). According to IFRS 16, a contract contains a lease if the customer has the right to control the use of an identified asset for a period of time in exchange for a consideration. This notion is substantially different to the concept of "risks and benefits" that was the main focus of IAS 17 and IFRIC 4.

The Group has decided to apply the standard retrospectively using the "*cumulative catch-up approach*" (so-called "amended retrospective" method), recognising the cumulative impact resulting from the application of the Standard in shareholders' equity at 1 January 2019 (not changing the comparative data for FY 2018), 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 has recognised:

- 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;
- a right of use 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 at 1 January 2019.

The following table shows the impacts resulting from the adoption of IFRS 16 on the transition date:

EUR *thousands* **ASSETS**	***Impact on transition date (01.01.2019)***
Non-current assets	
Right of use Buildings	Euro 8,921
Right of use Motor vehicles	Euro 990
Right of use Other assets	Euro 186
Total	**Euro 10,097**
SHAREHOLDERS' EQUITY AND LIABILITIES	
Non-current liabilities	
Non-current financial lease liabilities	Euro 7,796
Current liabilities	
Current financial lease liabilities	Euro 2,301
Total	**Euro 10,097**

Note that the average weighted incremental borrowing rate (1.51%) applied to financial liabilities recognised at 1 January 2019 was calculated as the risk-free rate of each country with which the contracts were entered into, with due date proportional to the term of the specific contract, plus the specific Group Credit Spread.

In adopting IFRS 16, the Group exercised the exemption granted by paragraph IFRS 16:5(a) relating to short-term leases for asset classes "Motor vehicles" and Other assets. Similarly, the Group exercised the exemption granted by IFRS 16:5(b) regarding lease contracts for which the underlying asset is considered to be of low value (namely, the individual asset underlying the lease contract does not exceed the exchange value in Euros of USD 5,000).

The contracts for which the exemption has been applied mainly fall into the following categories:

– Printers;
– Other electronic equipment;

For these contracts, the introduction of IFRS 16 has not resulted in the recognition of the financial lease liability and of the relative right of use, but the lease payments are recognised in the income statement on a straight line basis for the term of the respective contracts under "other costs" of the consolidated income statement.

Furthermore, with regard to transition rules, the Group exercised the following practical expedients available if the amended retrospective approach is chosen:

– the use of a single discounting rate for lease portfolios with reasonably similar features;
– the classification of contracts that expire within 12 months from the transition date as short-term leases. For these contracts, the lease payments are recognised in the income statement on a straight line basis;
– the exclusion of initial direct costs from the measurement of the right of use at 1 January 2019;
– the use of the information present on the transition date to determine the lease term, with specific reference to the exercise of extension and early termination rights. 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;

For lease contracts previously classified as financial leases in application of IAS 17, the book value of the lease assets and the obligations relating to lease contracts recognised according to IAS 17 at 31 December 2018, are reclassified respectively as rights of use and lease liabilities without any adjustment, with the exception of the exemption for the recognition of leases of low value.

Reconciliation of contractual commitments at 31 December 2018 and financial lease liabilities at 1 January 2019.

Contractual commitments for leases at 31.12.2018	**10,214**
Contracts out of scope	(17)
Other changes (possible renewal)	280%
Face value of financial liabilities	**10,477**
Effect of discounting	(380)
Net financial lease liabilities at 1 January 2019	**10,097**

- 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 adoption of this amendment has had no effect on the Group's Consolidated Financial Statements. As regards the amendment to IAS 12-'Income Taxes', which clarifies that a company must recognise the tax effects of dividends in the income statement, this interpretation was already adopted by the Group.

- 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.

  The Group did have any changes to existing plans, so the adoption of this amendment has had no effect 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 adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.

- On 7 June 2017, the IASB published interpretation **"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 has been applied from 1 January 2019.

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

- 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 adoption of this amendment 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 2019

The main IFRS and IFRIC accounting standards, amendments and interpretations, whose application is not yet compulsory and for which the Group did not opt for early adoption at 31 December 2019 are listed below:

- 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.

  The changes introduced were endorsed on 29 November 2019 and apply to all transactions after 1 January 2020.

  The directors do not expect the adoption of this amendment to have an impact on the Group's consolidated financial statements.

- On 29 March 2018, the IASB published an amendment to the "**References to the Conceptual Framework in IFRS Standards"**. The amendment applies to periods starting on 1 January 2020 or later, although early application is permitted. The Conceptual Framework establishes the fundamental concepts for financial disclosures and guides the Board in the development of IFRS standards. The document helps to guarantee that the Standards are conceptually consistent and that similar transactions are treated in the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework provides support to enterprises in developing accounting standards when no IFRS standard is applicable to a specific transaction and, more generally, helps the interested parties understand and interpret the Standards.

  The directors do not expect the adoption of this amendment to have an impact on the Group's consolidated financial statements.

  On 26 September 2019, the IASB published an amendment called **"Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform".** The same amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. More specifically, the amendment changes some of the requirements requested for the application of hedge accounting, envisages temporary departures from the same, in order to mitigate the impact resulting from the uncertainty of the IBOR reform (currently underway) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements regarding their hedges that are directly affected by the uncertainties generated by the reform and to which the above-mentioned departures may be applied.

The directors do not expect the adoption of this amendment to have an 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 22 October 2018, the IASB published a document entitled "**Definition of a Business (Amendments to IFRS 3)**". The document provides some clarification as to the definition of a 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 an 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 has introduced an optional concentration test, which allows the presence of a business to be excluded if the price paid substantially refers to a single asset or group of assets. 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 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 this standard to have a significant impact on the Group's Consolidated Financial Statements.

2.13. Business combinations in the reporting period

As illustrated above, in January, through Be Consulting S.p.A., Be Group entered into a binding contract for the purchase of 60% of the share capital of Tesla Consulting S.r.l, an Italian company operating in the field of "Cyber Security" and "Digital Forensics". This contract gave Be Group full control of the company, also through the appointment of the majority of the members of the same company's Board of Directors.

5% of the interest was formally transferred on 5 February 2019 and 55% on 1 July 2019 at the time of the payment of the same. The parties also agreed on a "Put & Call" structure to purchase the residual capital in subsequent two tranches by 30 June 2028, valued on the date of acquisition as Euro 1,532 thousand.

With regard to the transfer of 5% of the company capital, Be Consulting S.p.A. paid Euro 158 thousand at the time of closing and Euro 2,161 thousand on 1 July.

The purchase of this Company is part of the strategy for consolidation in the "*Business Consulting"* segment on the Italian market.

The reference values for the transaction were as follows:

Amounts in EUR thousands	**Fair Value**
Property, plant and equipment	33
Intangible assets	224
Trade receivables	420
Tax receivables	27
Cash and cash equivalents	383
Post-employment benefits (TFR)	(15)
Trade payables	(320)
Deferred tax liabilities	(62)
Tax payables	(52)
Other liabilities and payables	(57)
NET TOTAL OF ASSETS ACQUIRED	**581**
GOODWILL	**3,238**
ACQUISITION PRICE	**3,820**
broken down as follows (amounts include discounting as at the acquisition date):	
Discounted consideration paid at 31.12.2019	(2,288)
Fair value of minority interests	(1,532)
CASH FLOW FROM THE ACQUISITION	
Payment already made	(2,288)
Payment of interest	(31)
Cash and cash equivalents acquired	383
NET CASH FLOWS	**(1,936)**

The agreement between the parties, which envisages the option to purchase the remaining interest of 40% in two subsequent tranches, by means of a put&call option for 20% by June 2023 and a further 20% by June 2028, is structured as follows:

- an earn-out for the first 20% based on certain results recorded by the subsidiary in FYs 2021 and 2022. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 890 thousand face value (corresponding to a discounted amount at the acquisition date of Euro 780 thousand);
- an earn-out for the second 20% based on certain results achieved by the subsidiary in FYs 2026 and 2027. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 996 thousand face value (corresponding to a discounted amount at the acquisition date of Euro 752 thousand).

Following the put option, the third parties were eliminated and an estimated liability was recognised for the gross liability.

The transaction was accounted for using the purchase cost method with effect from the date of acquisition of control. Euro 223 thousand of the gain generated by the acquisition was allocated to intangible assets such as software with a useful life of five years, and the remainder of Euro 3,238 thousand 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 2019, the Company achieved a total revenue of Euro 1,336 thousand and a profit before tax of Euro 328 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 Shaping the Future AG, Fimas GmbH, Confinity GmbH, Payments and Business Advisors S.L., Paystrat Solutions SL (Pyngo) and Tesla Consulting S.r.l..

- **ICT Solutions:**

  Business Unit: active in the provision of integrated solutions and systems for the financial services, insurance and utilities sectors. This business unit covers the activities performed by Be 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 2019 compared with 2018 are reported below, separating continuing operations from discontinued operations.

  The operating segment values illustrated are gross of *intercompany* transactions with the other Group companies from different segments, whilst the value of production by operating segment and by customer type indicated in the 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 2019, 38.3% of production value originated from markets abroad, with the DACH Region (DE, AUT and SUI) accounting for a significant share, contributing Euro 37.8 million to revenue generation, while the UK market generated Euro 14.7 million of revenues and the remaining markets Euro 5.8 million.

Breakdown by operating segment 1 January 2019 - 31 December 2019

	Consulting	ICT Solutions	Corporate and other	Disposals	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	112,481	43,371	4,490	0	(11,795)	0	148,546
Other revenue	4,102	706	1,459	0	(2,539)	0	3,729
Value of production	116,583	44,077	5,949	0	(14,334)	0	152,275
Operating profit (loss) (EBIT)	13,858	4,435	(6,049)	0	(5)	0	12,239
Net financial expense	(274)	(440)	10,327	0	(10,734)	0	(1,121)
Net profit (loss)	9,364	2,728	5,204	0	(10,738)	(470)	6,087
Goodwill	35,643	29,417	0	0	0	0	65,060
Intangible assets	9,277	10,351	4	0	0	0	19,632
Property, plant and equipment	1,459	700	1	0	0	0	2,161
Rights of use	6,580	1,975	125	0	0	0	8,679
Segment assets	69,481	20,322	103,902	0	(119,996)	0	73,709
Segment liabilities	(64,850)	(30,294)	(71,134)	0	53,110	0	113,169

With regard to the disclosure on customer concentration, refer to paragraph 5.4.

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)

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

Note 1.

Property, plant and equipment

At 31 December 2019, property, plant and equipment recorded a balance of Euro 2,161 million, net of cumulative depreciation, against a total of Euro 2,201 million at 31 December 2018.

Change in historical cost

	Historical cost 2018	Business combinations	Increases	Decreases	Reclassifications	Exchange gains/losses	Historical cost 2019
Plant and machinery	1,525	15		(1,060)	93		573
Fixtures and fittings, tools and other equipment	400		9	(119)	(99)		191
Other assets	20,098	63	794	(866)	291	43	20,423
Assets under development and advances	351			(8)	(340)		3
TOTAL	**22,374**	**78**	**803**	**(2,053)**	**(55)**	**43**	**21,190**

Change in accumulated depreciation

	Accumulated depreciation 2018	Business combinations	Depreciation	Decreases	Reclassifications	Exchange gains/losses	Accumulated depreciation 2019
Plant and machinery	1,483	6	28	(1,053)	14		479
Fixtures and fittings, tools and other equipment	245		34	(109)	(58)		112
Other assets	18,445	39	769	(863)	11	37	18,438
TOTAL	**20,173**	**45**	**831**	**(2,025)**	**(32)**	**37**	**19,029**

	Net value 2018	Net value 2019
Plant and machinery	42	94
Fixtures and fittings, tools and other equipment	155	79
Other assets	1,653	1,985
Assets under development and advances	351	3
TOTAL	**2,201**	**2,161**

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:

- 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 new head office located in Milan, Piazza Affari 2, by Be Consulting and to the purchase of electronic equipment by Be Solutions.

The decreases refer to the disposal of obsolete assets during the year.

The reclassifications shown in the table refer to:

- Assets under development last year, completed and operational during the year of Euro 340 thousand;
- Reclassifications between categories in order to improve the clarity of the financial statements of Euro 99 thousand;
- Reclassification of Euro 55 thousand of motor vehicles under financial leases recognised in FY 2018 under "Other Assets", which from this year with the introduction of IFRS 16 have been reclassified as Rights of use (Note 2).

Note 2.

Rights of use

At 31 December 2019, rights of use totalled Euro 8,679.

Following the entry into force from 1 January 2019 of IFRS 16 - Leases, which replaced IAS 17, the Group opted to apply the standard with the amended retrospective approach, in accordance with that envisaged by IFRS 16. More specifically, for lease contracts in place on 1 January 2019, the Group recognised a right of use 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. The application of the standard mainly regards long-term property leases and leases for company cars used by personnel.

Changes in the period are shown below:

Change in historical cost

	Historical cost 1.01.2019	Increases	Decreases	Reclassifications	Exchange gains/losses	Historical cost 31.12.2019
Motor vehicles	990	1,201	(232)	55	0	2,014
Property	8,921	634	(216)	0	0	9,339
Other assets	186	0	0	0	0	186
TOTAL	**10,097**	**1,835**	**(448)**	**55**	**0**	**11,539**

Change in accumulated amortisation

	Accumulated amortisation 1.01.2019	Amortisation and depreciation	Decreases	Reclassificat ions	Exchang e gains/lo sses	Accumulated amortisation 31.12.2019
Motor vehicles	0	565	(72)	32	0	525
Property	0	2,269	(2)	0	6	2,273
Other assets	0	62	0	0	0	62
TOTAL	**0**	**2,896**	**(74)**	**32**	**6**	**2,860**

	Net value 1.01.2019	Net value 31.12.2019
Motor vehicles	990	1,489
Property	8,921	7,066
Other assets	186	124
TOTAL	**10,097**	**8,679**

Note 3.

Goodwill

Goodwill stood at Euro 65,060 thousand at 31 December 2019. The *cash generating units* (CGUs) were identified for *impairment testing* purposes based on the Group's reorganisation defined during 2019 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 31.12.2018	Increases	Decreases	Exchange gains/losses	Balance at 31.12.2019
Cash generating unit (CGU)					
Business Consulting	32,138	3,238	0	267	35,643
ICT Solutions	29,417	0	0	0	29,417
Total	**61,555**	**3,238**	**0**	**267**	**65,060**

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 2020-2022 Plan containing forecasts of revenue, investment and operating costs. On the basis of the results of *impairment testing* conducted by extrapolating 2020-2022 economic and financial forecasts - referred to below - the Directors therefore confirmed the sustainability of the book value of goodwill recognised at 31 December 2019.

As regards the estimated operating cash flows, as already mentioned above, the same originate from the plans examined by the Board of Directors at a meeting held on 19 February 2020, prepared on the basis of an explicit 3-year forecasting period. These plans incorporate the assumptions of the Directors in line with the strategy of the Be Group for the different businesses and markets in which it operates and also depend on external variables that are beyond the control of management such as the interest rate trend, macro-political or social factors with a local or global impact. These external factors, in line with accounting standard IAS 36, have been estimated on the basis of elements known on the date of preparation and examination of company plans and therefore do not incorporate the effects, which are currently difficult to quantify, of the spread at global level of the so-called Covid-19, mentioned in paragraph 8. Events after 31 December 2019 and business outlook.

Therefore, it is important to note that, based on the coverage resulting from impairment testing of asset values recognised, at present the Directors do not believe there are any elements of uncertainty as to the recoverability of the same, although they will be continuously monitored during the rest of the year.

The increase in goodwill of Euro 3,238 thousand refers to the acquisition in 2019 of Tesla Consulting S.r.l. through the subsidiary Be Consulting 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, as shown above, was recognised at 31 December 2019, after *impairment testing*, and amounted to Euro 65,060 thousand. In 2019, 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*") as stated in the 2020-2022 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 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 2020 and 2022; (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 8.8% for both the Solutions CGU and 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 amd that they were discounted at a WACC rate of 13.52%.
- 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 2019. 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 2020-2022, 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 2020-2022 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:

- modest growth trend of volumes and profit margins in the Business Consulting segment;
- 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 previous years.

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 2020-2022 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 2020-2022 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 situation 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:

- 97.40% with regard to the "Business Consulting" CGU;
- 47.16% 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:
  - 104.74% with regard to the "Business Consulting" CGU;
  - 14.48% with regard to the "ICT Solutions" CGU.

Note 4.

Intangible Assets

At 31 December 2019, intangible assets recorded a balance of Euro 19,632 thousand, net of cumulative amortisation, against a total of Euro 16,446 thousand at 31 December 2018.

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 31.12.2018	Increases	Decreases	Reclassifications	Business Combinations	Exchange gains/losses	Historical cost at 31.12.2019
Research and development costs	1,074	0	0	(396)	0	0	678
Concessions, licences and trademarks	1,712	52	0	0	0	0	1,764
Assets under development and advances	3,031	4,260	0	(1,639)	0	0	5,652
Other (including proprietary SW)	43,015	3,498	(2)	2,035	224	264	49,034
TOTAL	**48,832**	**7,810**	**(2)**	**0**	**224**	**264**	**57,128**

Change in accumulated amortisation

	Accumulated amortisation at 31.12.2018	Amortisation	Decreases	Reclassifications	Business Combinations	Exchange gains/losses	Accumulated amortisation at 31.12.2019
Research and development costs	804	0	0	(128)	0	0	676
Concessions, licences and trademarks	1,626	22	0	0	0	0	1,648
Other (including proprietary SW)	29,956	4,935	(2)	128	0	155	35,172
TOTAL	**32,386**	**4,957**	**(2)**	**0**	**0**	**155**	**37,497**

Net book value

	Net value 2018	Net value 2019
Research and development costs	270	2
Concessions, licences and trademarks	86	116
Assets under development and advances	3,031	5,652
Other (including proprietary SW)	13,059	13,862
TOTAL	**16,446**	**19,632**

At 31 December 2019, the increases in assets under development of Euro 4,260 thousand, mainly refer to the development of the following ICT platforms: "Universo Sirius" relating to the management of Life and Non-Life insurance portfolios and the development of an internal corporate ICT system by Be Solutions totalling Euro 1,768 thousand, to digital applications by Juniper, Iquii and Paystrat of Euro 606 thousand, Euro 8 thousand and Euro 26 thousand respectively, as well as the platforms owned by Be Think, Solve Execute GmbH and Fimas GmbH, specialised in various areas of the banking industry, totalling Euro 1,852 thousand.

Increases in Other intangible assets recorded during the year include the payment of the contractual consideration linked to the long-term presence in the company of management, corresponding to Euro 1.3 million.

The remaining increases refer to the software purchased or produced in-house by Group companies.

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

Note 5.

Equity investments in other companies

Equity investments in other companies mainly refer to:

- the equity investment of Euro 799 thousand, held through Be Solutions in Talent Garden S.p.A.; the increase of the value of the equity investment of Euro 500 thousand is due to the Share Capital Increase, approved in 2019 and signed by Be Solutions S.p.A. for the part pertaining to the same;
- the equity investment of around Euro 27 thousand, held through Juniper Extensible Solutions S.r.l in Engagigo S.r.l., an Italian company operating in the social media and digital market place sector; the equity investment corresponds to 6% of share capital.

Equity investments in other companies

	Balance at 31.12.2019	Balance at 31.12.2018
Equity investments in other companies	829	329
TOTAL	**829**	**329**

Note 6.

Loans and other non-current assets

Loans and other non-current assets refer to guarantee deposits paid for Euro 464 thousand and advances paid to employees in past years to be recovered on termination of their employment contracts for Euro 42 thousand. Other non-current receivables of Euro 1,474 thousand mainly refers to:

- Euro 472 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 206 thousand for a receivable of Be Solutions due from the town council of Lercara 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 191 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 31.12.2019	Balance at 31.12.2018
Guarantee deposits	464	226
Receivables from employees due beyond 12 months	42	56
Receivables from social security and welfare organisations	151	103
Other non-current receivables	1,474	2,085
Non-current prepaid expenses	21	37
TOTAL	**2,152**	**2,507**

Note 7.

Deferred tax assets

The deferred tax assets in the financial statements refer mainly to the Parent Company and the subsidiary Be Solutions S.p.A. 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 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%). The allocations for the year refer mainly to risk provisions.

Deferred tax assets

	Balance at 31.12.2018	Allocation	Utilisation	Other changes	Exchange difference	Balance at 31.12.2019
Deferred tax assets	4,090	1,089	(1,980)	86	18	3,303
TOTAL	**4,090**	**1,089**	**(1,980)**	**86**	**18**	**3,303**

Note 8.

Inventories

Inventories refer mainly to the inventories of consumables of Be Shaping The Future AG for Euro 3 thousand.

Inventories

	Balance at 31.12.2019	Balance at 31.12.2018
Inventories	3	7
TOTAL	**3**	**7**

Note 9.

Trade receivables

Trade receivables arise from goods and services produced and provided by the Group but not yet collected at 31 December 2019.

Trade receivables

	Balance at 31.12.2019	Of which business combinations	Balance at 31.12.2018
Receivables due from customers	30,737	420	28,872
Bad debt provision for receivables due from customers	(1,323)		(1,083)
TOTAL	**29,414**	**420**	**27,789**

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 1,323, includes Euro 91 thousand for the impact of the application of IFRS 9 (expected credit loss method).

Bad debt provision

	Balance at 31.12.2019	Balance at 31.12.2018
Opening balance	1,083	1,729
Allocations	402	367
Utilisation	(162)	(1,013)
TOTAL	**1,323**	**1,083**

The breakdown of receivables is shown below, by due date, net of invoices/credit notes to be issued for Euro 11,513 thousand and before the bad debt provision of Euro 1,323 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	12,798	2,682	895	319	179	2,351	19,224
Bad debt provision	0	0	0	0	0	(1,323)	(1,323)
TOTAL	**12,798**	**2,682**	**895**	**319**	**179**	**1,228**	**17,901**

Note 10.

Other assets and receivables

Other assets and receivables at 31 December 2019 amount to Euro 2,828 and break down as follows:

Other assets and receivables

	Balance at 31.12.2019	Balance at 31.12.2018
Advances to suppliers for services	63	103
Receivables due from social security organisations	106	535
Receivables due from employees	109	200
VAT credits and other indirect taxes	627	797
Accrued income and prepaid expenses	974	843
Other receivables	949	823
TOTAL	**2,828**	**3,301**

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 106 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 974 thousand and include the portions of costs incurred during the period but due in the next period, relating to support and maintenance fees, insurance premiums, rents and lease instalments not covered by IFRS 16.

Note 11.

Direct tax receivables

Direct tax receivables primarily include amounts due from Italian Tax Authorities for IRAP and IRES, as well as other tax receivables due to Ibe Ltd for the refund of withholding tax on dividends paid by Be TSE GmbH.

Direct tax receivables

	Balance at 31.12.2019	Of which business combinations	Balance at 31.12.2018
Tax receivables	186	27	147
Other tax receivables	704		244
TOTAL	**890**	**27**	**391**

Note 12.

Financial receivables and other current financial assets

Financial receivables amounting to Euro 104 thousand mainly refer to receivables due from factoring companies on assignments made up to 31 December 2019, but settled after that date.

Financial receivables and other current financial assets

	Balance at 31.12.2019	Of which business combinations	Balance at 31.12.2018
Financial receivables and other current financial assets	104		511
TOTAL	**104**		**511**

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 2019.

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 31.12.2019	Of which business combinations	Balance at 31.12.2018
Bank and postal deposits	34,176	383	36,000
Cash at bank and in hand	9		10
TOTAL	**34,185**	**383**	**36,010**

Note 14.

Shareholders' Equity

At 31 December 2019, the Parent Company's fully paid-up share capital totalled Euro 27,109 thousand, divided into 134,897,272 ordinary shares.

On 18 April 2019, the Shareholders' Meeting approved the Financial Statements at 31 December 2018 of Be S.p.A., resolving to allocate Euro 86,404.46 of the profit for the year of Euro 1,728,089.26 to the Legal Reserve and the remainder of Euro 1,641,684.80 to Profit carried forward, and to distribute a dividend of Euro 0.022 per share, drawing partly on the profit carried forward and the remainder from the extraordinary reserve.

The payment date of the dividend was 22 May 2019 - coupon no. 9 date of 20 May 2019 and record date of 21 May 2019.

Consolidated equity reserves at 31 December 2019 amount to Euro 21,144 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 541 thousand;
- Own Shares Reserve of the Parent Company for negative Euro 4,656 thousand
- Other reserves of the Parent Company for negative Euro 302 thousand;
- IAS Reserves (FTA and IAS 19R) for a negative Euro 375 thousand;
- Other Consolidation Reserves for Euro 10,768 thousand.

Stock option plans

The company has no stock option plans.

Own 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.

During the Shareholders' Meeting on 18 April 2019, the Meeting approved a new plan for the purchase of own shares, subject to the revocation of the resolution authorising the purchase and disposal of own shares, approved by the Shareholders' Meeting on 26 April 2018.

In September, Be Think Solve, Execute S.p.A. announced the launch of the programme for the purchase of own shares, by virtue of the authorisation resolved upon by the Shareholders' Meeting held on 18 April 2019, which resolved on a maximum number of 2,250,000 ordinary shares of the Issuer. The purchase programme commenced on 17 September 2019 and ended on 31 December 2019; in the period between 17 September and 31 December 2019, the Company purchased 1,525,368 ordinary shares of the same for a total counter value of Euro 1,787,175.

Overall, the company holds 4,786,256 own shares corresponding to 3.548% of share capital.

Minority interests

Minority interests amount to Euro 1,732 thousand, compared to Euro 1,723 thousand at 31 December 2018.

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	10,401	4,592	20,666	(453)	0
Fimas GmbH	40.00%	EUR	3,321	2,059	5,975	454	0
Payments and Business Advisors S.l. (Paystrat)	40.00%	EUR	430	(46)	998	(52)	0
Paystrat Solutions SL (Pyngo)	34.74%	EUR	18	18	0	(1)	0
Juniper S.r.l.	49.00%	EUR	1,418	496	1,056	277	0
Iquii S.r.l.	49.00%	EUR	2,959	1,025	3,094	306	0
Tesla Consulting S.r.l.	40.00%	EUR	1,512	744	1,337	328	0

Net Financial Indebtedness

The net financial indebtedness at 31 December 2019 was Euro -11,427 thousand compared to net financial indebtedness of Euro +924 thousand at 31 December 2018.

The breakdown is shown in the table below.

Consolidated Net Financial Indebtedness

	Amounts in EUR thousands	31.12.2019	31.12.2018	Δ	Δ (%)
	Cash and cash equivalents at bank	34,185	36,010	(1,825)	(5.1%)
A	**Cash and cash equivalents**	**34,185**	**36,010**	**(1,825)**	**(5.1%)**
B	**Current financial receivables**	**104**	**511**	**(407)**	**(79.6%)**
	Current bank payables	(4,525)	(9,644)	5,119	(53.1%)
	Current share of medium/long-term indebtedness	(10,895)	(9,980)	(915)	9.2%
	Payables for current rights of use	(3,004)	0	(3,004)	n.a.
	Other current financial payables	(152)	(490)	338	(69.0%)
C	**Current financial indebtedness**	**(18,576)**	**(20,114)**	**1,538**	**(7.6%)**
D	**Current net financial position (A+B+C)**	**15,713**	**16,407**	**(694)**	**(4.2%)**
	Non-current bank payables	(20,926)	(15,418)	(5,508)	35.7%)
	Payables for non-current rights of use	(6,214)	0	(6,214)	n.a.
	Other non-current financial payables	0	(65)	65	n.a.
E	**Non-current net financial position**	**(27,140)**	**(15,483)**	**(11,657)**	**75.3%**
F	**Net financial position (D+E)**	**(11,427)**	**924**	**(12,351)**	**n.a.**

From 1 January 2019, with the application of IFRS 16, the main economic and financial indicators will be considerably impacted and will not be comparable to the figures from previous years. With regard to financial data, the recognition of Right of use assets as a balancing entry mainly to the payables for rights of use results in a significant increase of net financial indebtedness. Therefore, to make the figures at 31 December 2019 comparable with hose at 31 December 2018, the net financial indebtedness at 31 December 2019 has been restated as follows:

Amounts in EUR thousands		31.12.2019	31.12.2018	Δ	Δ (%)
A	**Net financial position**	**(11,427)**	**924**	**(12,351)**	**n.a.**
	Payables for current rights of use	(3,004)	0	(3,004)	n.a.
	Payables for non-current rights of use	(6,214)	0	(6,214)	n.a.
B	**Payables for rights of use**	**(9,218)**	**0**	**(9,218)**	**n.a.**
C	**Net financial position before IFRS 16 (A-B)**	**(2,209)**	**924**	**(3,133)**	**n.a.**

For comments on individual items, please refer to the content of Notes 12 and 13 above and Notes 15, 16 and 17 below.

A detailed breakdown of net financial indebtedness calculated according to the provisions of Consob Communication DEM/6064293 of 28 July 2006 and in accordance with the ESMA/2013/319 recommendations for 2019 and 2018 is shown below.

		31.12.2019	31.12.2018	Δ	Δ%
A.	Cash	4,327	113	4,213	n.a.
B.	Positive bank balance	29,858	35,897	(6,039)	(16.8%)
C.	Securities held for trading	0	0	0	n.a.
D.	**Cash and cash equivalents (A)+(B)+(C)**	**34,185**	**36,010**	**(1,825)**	**(5.1%)**
E.	**Current financial receivables**	**104**	**511**	**(407)**	**(79.6%)**
F.	Current bank payables	(4,525)	(9,644)	5,119	(53.1%)
G.	Current portion of non-current indebtedness	(10,895)	(9,980)	(915)	9.2%
H.	Other current financial payables	(3,156)	(490)	(2,666)	n.a.
I.	**Current financial indebtedness (F)+(G)+(H)**	**(18,576)**	**(20,114)**	**1,538**	**(7.6%)**
J.	**Net current financial indebtedness (I)+(E)+(D)**	**15,713**	**16,407**	**(694)**	**(4.2%)**
K.	Non-current bank payables	(20,926)	(15,418)	(5,508)	35.7%)
L.	Bonds issued	0	0	0	n.a.
M.	Other non-current payables	(6,214)	(65)	(6,149)	n.a.
N.	**Net non-current financial indebtedness (K)+(L)+(M)**	**(27,140)**	**(15,483)**	**(11,657)**	**75.3%**
O.	**Net financial indebtedness (J)+(N)**	**(11,427)**	**924**	**(12,351)**	**n.a.**

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)	31.12.2018	Cash Flow[1]	Non-monetary flows				31.12.2019
			Change Scope of consolidation[2]	Exchange rate differences	Change in IFRS 16	Other Changes	
Non-current financial indebtedness	(15,483)	(5,444)	0	0	(6,213)		(27,140)
Current financial indebtedness	(20,114)	4,498	0	0	(3,004)	44	(18,576)
Current financial receivables	511	(407)	0	0			104
Net liabilities resulting from financing activities	**(35,086)**	**(1,352)**	**0**	**0**	**(9,218)**	**44**	**(45,612)**
Cash and cash equivalents	36,010	(2,208)	383	0	0	0	34,185
Net financial indebtedness	**924**	**(3,560)**	**383**	**0**	**(9,218)**	**44**	**(11,427)**

Note 15.

Financial payables and other non-current financial liabilities

Non-current financial payables of Euro 20,926 thousand refer to payables to banks for unsecured medium/long-term loans due beyond 12 months.

Financial payables and other non-current financial liabilities

	Balance at 31.12.2019	Balance at 31.12.2018
Non-current financial payables	20,926	15,483
TOTAL	**20,926**	**15,483**

The medium and long term loans outstanding at 31 December 2019 and relative maturities were as follows: In the maturity analysis table, these flows do not include interest.

M/L term loans	Balance at 31.12.2019	<1 year	>1<2 years	>2<3 Years	>3<4 years	>4 years
Loans maturing in 2020	**1,031**	1,031	0	0	0	0
Loans maturing in 2021	**4,449**	2,550	1,899	0	0	0
Loans maturing in 2022	**9,453**	3,306	3,339	2,808	0	0
Loans maturing in 2023	**12,800**	3,448	3,470	3,492	2,390	0
Loans maturing in 2025	**4,000**	560	752	759	766	1,163
TOTAL LOANS	**31,733**	**10,895**	**9,460**	**7,059**	**3,156**	**1,163**

During 2019, Be S.p.A. entered into new medium-long term loans totalling Euro 19,000 thousand, while the repayments made during the year amounted to Euro 13,531 thousand.

[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".*

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 2018 and on a second variable interest rate loan granted during the year, for a total of Euro 88 thousand.

As regards 2019, 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 31.12.2019	Balance at 31.12.2018
Current financial payables	15,572	20,114
TOTAL	**15,572**	**20,114**

Current payables to banks at 31 December 2019 totalled around Euro 15,572 thousand and relate mainly to:

- current bank payables of Euro 4,525 thousand, of which mainly:
  - Euro 3,307 thousand relating to short-term credit facilities classed as “advances to suppliers” of Euro 735 thousand and as “accounts payable to suppliers” of Euro 2,572 thousand;
  - Euro 1,167 thousand relating to the residual portion of a short-term loan for an original amount of Euro 3,500 thousand, to be fully repaid by March 2020;
- Euro 10,895 thousand as the short-term portion of the medium-long term loans obtained, as per the previous table;
- short-term financial payables of Euro 152 thousand.

Note 17.

Financial liabilities for current and non-current rights of use

Financial liabilities for current and non-current rights of use at 31 December 2019 totalled Euro 9,218 thousand.

Following the entry into force on 1 January 2019 of *IFRS 16 - Leases*, the Group recognised 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.

The application of the standard mainly regards long-term property leases and leases for company cars used by personnel.

Financial liabilities for current and non-current rights of use

	Balance at 31.12.2019	Balance at 31.12.2018
Financial liabilities for current rights of use	3,004	0
Financial liabilities for non-current rights of use	6,214	0
TOTAL	**9,218**	**0**

Note 18.

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 31.12.2018	Of which business combinations	Increases - Allocation	Decreases - Utilisation	IFRS impact	Balance at 31.12.2019
Post-employment benefits (TFR) provision	**6,575**	15	1,392	(1,312)	283	6,953
TOTAL	**6,575**	**15**	**1,392**	**(1,312)**	**283**	**6,953**

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

Main Actuarial Assumptions

Annual discount rate	0.77%
Annual inflation rate	1.20%
Annual rate increase in post-employment benefits	2.40%
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	*Post-employment benefits (TFR)*	*turnover rate*		*inflation rate*		*discounting rate*	
		+1%	*-1%*	*+1/4%*	*-1/4%*	*+1/4%*	*-1/4%*
Be S.p.A.	177	176	179	180	175	174	181
Be Consulting S.p.A.	2,934	2,873	3,007	3,019	2,853	2,833	3,041
IQUII S.r.l.	187	184	192	193	182	181	194
Be Solutions S.p.A.	1,979	1,970	1,989	2,000	1,959	1,946	2,013
Juniper Extensible Solutions S.r.l.	125	123	128	129	122	121	130
Tesla Consulting S.r.l.	18	17	18	18	17	17	18

* 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	9.1
Be Consulting S.p.A.	894	22.3
IQUII S.r.l.	89	23.0
Be Solutions S.p.A.	0	7.4
Juniper Extensible Solutions S.r.l.	23	17.9
Tesla Consulting S.r.l.	8	23.6

* 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 2019, broken down by category, is illustrated in the following table:

Description	**Average number current year**	**Average number previous year**
Executives	136	132
Middle managers	161	133
White collar	909	896
Blue collar	0	2
Apprentices	61	22
TOTAL	**1,266**	**1,185**

Note 19.

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 2019 (IRES 24% and IRAP 3.9%-4.82%).

Deferred tax liabilities

	Balance at 31.12.2018	Increases	Decreases	Exchange difference	Of which business combinations	Balance at 31.12.2019
Deferred tax liabilities	6,714	800	(240)	12	62	7,348
TOTAL	**6,714**	**800**	**(240)**	**12**	**62**	**7,348**

Note 20.

Other non-current liabilities

At 31 December 2019, other non-current liabilities were Euro 6,717 thousand.

Other non-current liabilities

	Balance at 31.12.2019	Balance at 31.12.2018
Other non-current liabilities	6,717	6,930
TOTAL	**6,717**	**6,930**

This item mainly refers to:

- Euro 780 thousand relating to the portion of the residual discounted price for the future acquisition of minority interests in Be TSE GmbH;
- Euro 1,304 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Iquii S.r.l.;
- Euro 159 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Payments and Business Advisors S.l.;
- Euro 1,615 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Fimas;
- Euro 333 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Q-fin;
- Euro 380 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Juniper;
- Euro 1,577 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Tesla Consulting;
- Euro 556 thousand refers to the payable for penalties received from Bassilichi in 2009, which the Parent Company has fully disputed;

Note 21.

Provision for current and non-current risks

At 31 December 2019, provisions for risks and charges refer to the following:

- provisions for pending disputes with employees for Euro 1,649 thousand, of which Euro 36 thousand relating to the Parent Company and Euro 1,613 thousand to Be Solutions relating to the estimated charges for the closure of the Pomezia site; the decrease is related to the payments made during the year for disputes settled.
- other provisions for risks and charges totalling Euro 7,043 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 decreases of the above item refer to the drawdowns made at the time of the closure of the Pomezia site and the bonuses/incentives paid to personnel in July 2019.

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

Provision for current and non-current risks

	Balance at 31.12.2018	Increases	Decreases	Exchange gains/losses	Balance at 31.12.2019
Provision for penalties	31				31
Provision for personnel risks	2,598		(949)		1,649
Other provisions for risks and charges	4,897	4,549	(2,403)		7,043
TOTAL	**7,526**	**4,549**	**(3,352)**		**8,723**

Note 22.

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 31.12.2019	Of which business combinations	Balance at 31.12.2018
Trade payables	12,366	320	11,839
TOTAL	**12,366**	**320**	**11,839**

Note 23.

Tax Payables

The balance at 31 December 2019 relates to residual tax payables and to the allocation of the portion for 2019 of IRES and IRAP, in addition to the income tax of foreign companies, classified under other tax payables.

Tax payables

	Balance at 31.12.2019	Of which business combinations	Balance at 31.12.2018
IRES tax payables	0	44	86
IRAP tax payables	209	8	246
Other tax payables	1,376	0	1,072
TOTAL	**1,585**	**52**	**1,404**

Note 24.

Other liabilities and payables

Other liabilities and payables totalled Euro 23,759 thousand at 31 December 2019, as shown below:

Other liabilities and payables

	Balance at 31.12.2019	Of which business combinations	Balance at 31.12.2018
Social security and welfare payables	2,953		2,637
Payables to employees	3,576		3,494
Payables for VAT and withholding tax	7,963		7,376
Accrued expenses and deferred income	2,115		2,279
Other payables	7,152	57	7,990
TOTAL	**23,759**	**57**	**23,776**

Social security and welfare payables amounting to Euro 2,953 thousand relate to contributions payable by the company. Payables to employees include amounts due for additional months' salaries accrued at 31 December 2019 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 2,115 thousand mainly refer to deferred revenue receivable on invoices collectible in the reporting period subsequent to 31 December 2019.

Other payables, totalling Euro 7,152 thousand, refer, for Euro 5,000 thousand, to the guarantee deposit received in relation to the signature of a framework agreement with a customer represented by a leading bank, plus advances from customers and payments on account on multi-year contracts and the payable due to directors, for both salaries and annual bonuses.

This item also includes Euro 518 thousand relating to the short-term portion of the residual price for the acquisition of minority interests in Be Shaping the Future AG, Euro 120 thousand relating to the short-term portion of the residual price for the acquisition of minority interests in Q-fin GmbH (merged into Fimas GmbH).

4. Breakdown of the main items of the Income Statement

Note 25.

Operating revenue

Revenue accrued during the year was from activities, projects and services performed on behalf of Group customers and amounts to Euro 148,546 thousand, compared to Euro 145,282 thousand last year.

The year that has just ended, compared with the previous one, recorded an increase of Euro 3,264 thousand in revenue from sales and services; revenue originating from foreign companies amounted to Euro 58,334 thousand.

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

Operating revenue

	FY 2019	**FY 2018**
Operating revenue	148,546	145,282
TOTAL	**148,546**	**145,282**

Note that for all of the main types of revenue, the accounting methods, shown below,
have not changed following the application from 1 January 2018 of international accounting standard IFRS 15 (Revenue from Contracts with Customers).
More specifically, for the main types of sales of the Group, revenue is recognised according to the following criteria:

- consulting services, at the time the service is provided;
- sale of licenses, at the time the control if the license is transferred to the counterparty.

Note 26.

Other revenue and income

The Group's Other revenue and income totalled Euro 3,729 thousand at 31 December 2019, compared to Euro 4,941 thousand at 31 December 2018.

This item includes contingent assets, the recovery of costs advanced to customers, insurance reimbursements and other income of a residual nature.

Other revenue and income

	FY 2019	FY 2018
Other revenue and income	3,689	4,941
Grants related to income	40%	0
TOTAL	**3,729**	**4,941**

Note 27.

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 2019	FY 2018
Change in inventories of raw materials and consumables	4	8
Purchase of raw materials and consumables	395	212
TOTAL	**399**	**220**

Note 28.

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 2019	FY 2018
Service costs	59,658	58,744
TOTAL	**59,658**	**58,744**

Service costs break down as follows:

Service costs

	FY 2019	FY 2018
Transport	10	108
Outsourced and consulting services	42,036	36,332
Remuneration of directors and statutory auditors	3,766	4,496
Marketing costs	4,470	4,223
Cleaning, surveillance and other general services	665	1,107
Maintenance and support services	221	273
Utilities and telephone charges	940	1,337
Consulting - administrative services	2,795	3,428
Other services (chargebacks, commissions, etc.)	2,229	1,972
Bank and factoring charges	627	583
Insurance	264	310
Rental and leasing	1,635	4,575
TOTAL	**59,658**	**58,744**

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 and include Euro 687 thousand relating to provisions for bonuses, classified by nature, relating to long-term bonuses for key people.

Remuneration of directors and statutory auditors includes Euro 822 thousand relating to provisions for bonuses, classified by nature, relating to long-term bonuses for Directors with strategic responsibilities.

Rental and leasing regards the costs incurred by the Group for the use of the movables registered and property belonging to third parties, based on the lease and rental contracts entered into, with a term of less than twelve months and/or of low value, for which certain simplifications apply (so-called practical expedients) envisaged by IFRS16. For these contracts, the introduction of IFRS 16 has not resulted in the recognition of the financial lease liability and of the relative right of use, but the lease payments were recognised in the income statement on a straight line basis for the term of the respective contracts.

Note 29.

Personnel costs

The figure shown represents the total personnel-related cost incurred by the Group in 2019.

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; the item also includes Euro 2,700 thousand relating to provisions for bonuses for the corporate bodies, classified by nature under Wages and salaries.

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 18 “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 2019	FY 2018
Wages and salaries	57,394	55,643
Social security contributions	13,425	13,304
Post-employment benefits	3,026	2,805
Other personnel costs	1,611	1,464
TOTAL	**75,456**	**73,216**

The number of employees at 31 December 2019, broken down by category, is illustrated in the following table:

Description	No. in current period
Executives	132
Middle managers	173
White collar	940
Blue collar	0
Apprentices	75
Total	**1,320**

Note 30.

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 612 thousand mainly referring to undeclared contingent assets relating to the current year and other operating costs for Euro 268 thousand referring to membership fees, fines, penalties on services provided and indirect taxes for Euro 464 thousand.

Other operating costs

	FY 2019	FY 2018
Other operating costs	1,344	1,852
TOTAL	**1,344**	**1,852**

Note 31.

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 2019	FY 2018
Cost of internal work capitalised	6,249	3,709
TOTAL	**6,249**	**3,709**

Note 32.

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 2019	FY 2018
Depreciation of property, plant and equipment	826	765
Amortisation of Intangible Assets	4,957	4,568
Amortisation of rights of use	2,896	0
TOTAL	**8,679**	**5,333**

Note 33.

Allocations to provisions

A more complete description can be found in notes 9 and 21, and paragraph 5.1.

Allocations to provisions

	FY 2019	FY 2018
Allocations to provisions for risks	346	2,563
Allocation to bad debt provision	403	367
TOTAL	**749**	**2,930**

Note 34.

Financial income and expense

Financial management income and expense

	FY 2019	FY 2018
Financial income	101	62
Financial expense	(1,301)	(1,241)
Revaluation (Write-down) of financial assets	0	0
Gains (Losses) on foreign currency transactions	79	(20)
TOTAL	**1,121**	**1,199**

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 2019	FY 2018
Interest expense on current bank accounts	20	53
Interest expense on factoring and advances on invoices	376	352
Interest expense on loans	363	315
Other financial expense	542	521
TOTAL	**1,301**	**1,241**

Note 35.

Current income taxes, deferred tax assets and liabilities

Current taxes relating to the year include Euro 704 thousand for IRAP tax and Euro 1,674 thousand for IRES tax plus the income tax for foreign affiliates for a total of Euro 732 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 2019	FY 2018
Current taxes	3,110	2,714
Deferred tax assets and liabilities	1,451	957
TOTAL	**4,561**	**3,671**

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	10,662	
Consolidation adjustments	11,016	
Aggregated profit (loss) before tax	**21,678**	
Profit (loss) before tax of Foreign companies	(607)	
Total	**21,071**	
Theoretical tax burden (%)	**24.00%**	**5,057**
Temporary differences taxable in future years:		
unrealised exchange rate gains during the year	(2)	
Amortisation of goodwill	(1,362)	
Temporary differences taxable in future years:	**(1,364)**	**(327)**
Temporary differences deductible in future years:		
Remuneration of directors not paid at 31.12.2019	353	
Non-deductible allocations	4,506	
Other temporary differences deductible in future years:	5	
Temporary differences deductible in future years:	**4,944**	**1,187**
Reversal of temporary differences from previous years:		
Services not completed at 31.12.2018	(754)	
Utilisation of provisions	(3,847)	
Goodwill	(57)	
Other temporary differences deductible in future years:	10	
Reversal of temporary differences from previous years:	**(4,648)**	**(1,116)**
Differences that will not be reversed in future years:		0
Wholly or partially non-deductible costs	3,069	
Permanent decreases	(12,296)	
ACE	(38)	
Use of previous tax losses	(3,955)	
Differences that will not be reversed in future years:	**(13,220)**	**(3,173)**
- Taxable income	**6,783**	
Current IRES on income for the year		**1,628**
Adjustments on previous years' taxes		**46**
TOTAL IRES for the year relating to Italian companies		**1,674**
TOTAL income taxes for the year - foreign companies		**732**
- Taxable income for IRAP purposes	**19,505**	**812**
Adjustments of IRAP taxes for previous years		**108**
TOTAL IRAP		**704**
TOTAL TAXES		**3,110**

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 number of ordinary shares outstanding. The result and disclosures on shares used to calculate the basic negative earnings per share are provided below.

Earnings per share

	31.12.2019	31.12.2018
Profit (loss) from continuing operations pertaining to owners of the Company	6,087	5,481
Profit (loss) from discontinued operations pertaining to owners of the Company	0	0
Profit (loss) attributable to owners of the Parent Company	6,087	5,481
Total no. shares	134,897,272	134,897,272
Number of own shares held	4,786,256	2,697,975
Number of ordinary shares outstanding	130,111,016	132,199,297
Basic earnings per share pertaining to owners of the Parent Company	Euro 0.05	Euro 0.04
Diluted earnings per share	Euro 0.05	Euro 0.04

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 1,649 thousand, considered sufficient to cover liabilities that could arise from these disputes, Euro 1,613 thousand of which relates to Be Solutions to cover the estimated charges of closing the Pomezia site. Note that during the year a dispute was filed with INPS for which the company has allocated Euro 326 thousand relating to contribution differences owed by the company. An appeal has been filed.

In addition, with regard to the dispute underway with the Bassilichi Group (formerly Saped Servizi S.p.A.), at this stage of proceedings, we confirm that 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 did not recognise any non-recurring income and charges pursuant to Consob Resolution 15519 of 27 July 2006. In 2018, the Be Group had recorded non-recurring income 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 2019) 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 2019 are: T.I.P. Tamburi Investment Partners S.p.A., IR Top S.r.l. and Talent Garden S.p.A..

With regard to Talent Garden S.p.A., during the first quarter, a share capital increase was subscribed through Be Solutions S.p.A. for the share pertaining to the same, bringing the number of shares held to 6,029 million corresponding to 1.22% of the company's share capital.

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.

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 2019

	Receivables			***Payables***		
	Trade receivables other receivables	**Other receivables**	***Financial receivables***	**Trade payables other payables**	***Other payables***	***Financial payables***
Related Parties						
T.I.P. S.p.A.	0	0	0	33	0	0
Talent Garden	0	0	0	0	0	0
IR Top	0	0	0	6	0	0
Total Related Parties	**0**	**0**	**0**	**39**	**0**	**0**

Receivables and payables with related parties at 31 December 2018

	Receivables			***Payables***		
	Trade receivables other receivables	**Other receivables**	***Financial receivables***	**Trade payables 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**

Revenue and costs with related parties in 2019

	Revenue	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	0	0	0
IR Top	0	0	0	33	0	0
Total Related Parties	**0**	**0**	**0**	**132**	**0**	**0**

Revenue and costs with related parties in 2018

	Revenue	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**

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	**31.12.2019**	**Absolute value**	**%**	**31.12.2018**	**Absolute value**	**%**
Trade receivables	29,372	0	0%	27,789	0	0%
Other assets and receivables	2,836	0	0%	3,301	0	0%
Cash and cash equivalents	34,185	0	0%	36,010	0	0%
Financial payables and other liabilities	76,191	0	0%	66,303	0	0%
Trade payables	12,333	39	0%	11,839	24	0%
INCOME STATEMENT	**2019**	**Absolute value**	%	**2018**	**Absolute value**	**%**
Operating revenue	148,546	0	0%	145,282	0	0%
Service and other costs	(61,002)	132	0%	(60,596)	230	0%
Net financial expense	(1,121)	0	0%	(1,199)	0	0%

The consolidated statement of financial position and consolidated income statement indicating the related parties, in accordance with Consob Resolution 15519 of 27 July 2006, are provided below.

Consolidated Statement of Financial Position *(in accordance with Consob Resolution 15519 of 27 July 2006)*

Amounts in EUR thousands	**31.12.19**	**Of which related parties**	**31.12.18**	**Of which related parties**
NON-CURRENT ASSETS				
Property, plant and equipment	2,161	0	2,201	0
Rights of use	8,679	0	0	0
Goodwill	65,060	0	61,555	0
Intangible assets	19,632	0	16,446	0
Equity investments in other companies	829	0	329	0
Loans and other non-current assets	2,152	0	2,507	0
Deferred tax assets	3,303	0	4,090	0
Total non-current assets	**101,816**	**0**	**87,128**	**0**
CURRENT ASSETS				
Inventories	3	0	7	0
Trade receivables	29,414	0	27,789	0
Other assets and receivables	2,828	0	3,301	0
Direct tax receivables	890	0	391	0
Financial receivables and other current financial assets	104	0	511	0
Cash and cash equivalents	34,185	0	36,010	0
Total current assets	**67,424**	**0**	**68,009**	**0**
Total discontinued operations		**0**	**0**	**0**
TOTAL ASSETS	**169,240**	**0**	**155,137**	**0**
SHAREHOLDERS' EQUITY				
Share capital	27,109	0	27,109	0
Reserves	21,144	0	20,463	0
Net profit (loss) attributable to owners of the Parent Company	6,087	0	5,481	0
Group Shareholders' equity	**54,340**	**0**	**53,053**	**0**
Minority interests:				
Capital and reserves	1,262	0	801	0
Net profit (loss) attributable to minority interests	470	0	922	0
Minority interests	**1,732**	**0**	**1,723**	**0**
TOTAL SHAREHOLDERS' EQUITY	**56,072**	**0**	**54,776**	**0**
NON-CURRENT LIABILITIES				
Financial payables and other non-current financial liabilities	20,926	0	15,483	0
Financial liabilities for non-current rights of use	6,214	0	0	0
Provisions for risks	1,649	0	5,255	0
Post-employment benefits (TFR)	6,953	0	6,575	0
Deferred tax liabilities	7,348	0	6,714	0
Other non-current liabilities	6,717	0	6,930	0
Total Non-current liabilities	**49,807**	**0**	**40,957**	**0**
CURRENT LIABILITIES				
Financial payables and other current financial liabilities	15,572	0	20,114	0
Financial liabilities for current rights of use	3,004	0	0	0
Trade payables	12,366	39	11,839	24
Provision for current risks	7,075	0	2,271	0
Tax payables	1,585	0	1,404	0
Other liabilities and payables	23,759	0	23,776	0
Total Current liabilities	**63,361**	**39**	**59,404**	**24**
Total discontinued operations	**0**	**0**	**0**	**0**
TOTAL LIABILITIES	**113,168**	**39**	**100,361**	**24**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**169,240**	**39**	**155,137**	**24**

Consolidated Income Statement

Amounts in EUR thousands	FY 2019	Of which related parties	Of which non-recurring income (charges)	FY 2018	Of which related parties	Of which non-recurring income (charges)
Operating revenue	148,546			145,282	0	0
Other revenue and income	3,729			4,941	0	2,570
Total Revenue	**152,275**			**150,223**	**0**	**2,570**
Raw materials and consumables	(399)			(220)	0	0
Service costs	(59,658)	(132)		(57,154)	(230)	0
Personnel costs	(75,456)			(71,142)	0	0
Other operating costs	(1,344)			(1,852)	0	0
Cost of internal work capitalised	6,249			3,709	0	0
Amortisation, depreciation and write-downs:						
Depreciation of property, plant and equipment	(826)			(765)	0	0
Amortisation of Intangible Assets	(4,957)			(4,568)	0	0
Amortisation of Rights of Use	(2,896)			(364)	0	0
Allocations to provisions	(749)			(6,594)	0	(2,396)
Total Operating Costs	**(140,036)**	(132)		**(138,950)**	**(230)**	**(2,396)**
Operating profit (loss) (EBIT)	**12,239**	**(132)**		**11,273**	**(230)**	**174**
Financial income	101			62	0	0
Financial expense	(1,222)			(1,261)	0	0
Total Financial Income/Expense	**(1,121)**			**(1,199)**	**0**	**0**
Profit (loss) before tax	**11,118**	**(132)**		**10,074**	**(230)**	**174**
Current income taxes	(3,110)			(2,714)	0	0
Deferred tax assets and liabilities	(1,451)			(957)	0	0
Total Income taxes	**(4,561)**			**(3,671)**	**0**	**174**
Net profit (loss) from continuing operations	**6,557**			**6,403**	**(230)**	**174**
Net profit (loss) from discontinued operations	**0**			**0**	**0**	**0**
Net profit (loss)	**6,557**	**(132)**		**6,403**	**(230)**	**174**
Net profit (loss) attributable to minority interests	**470**			**922**	**0**	**0**
Net profit (loss) attributable to owners of the Parent Company	**6,087**			**5,481**	**0**	**0**

Consolidated Statement of Cash Flows

Amounts in EUR thousands	**2019**	**Of which related parties**	**2018**	**Of which related parties**
Net profit (loss)	6,557	0	6,403	0
Amortisation, depreciation and write-downs	8,679	0	5,333	0
Non-monetary changes in post-employment benefits (TFR)	837	0	220	0
Net financial expense in the income statement	1,198	0	1,240	0
Taxes for the year	3,110	0	2,714	0
Deferred tax assets and liabilities	1,451	0	957	0
Losses on current assets and provisions	4,958	0	6,958	0
Release of risk provisions	(408)	0	(507)	0
Increase in internal work capitalised	(6,249)	0	(3,709)	0
Other non-monetary changes	(55)	0	(50)	0
Exchange rate conversion differences	(28)	0	(6)	0
Cash flow from operating activities	**20,050**	**0**	**19,553**	**0**
Change in inventories	4	0	8	0
Change in trade receivables	(1,205)	0	(2,245)	0
Change in trade payables	207	15	45	4
Use of bad debt provisions	(3,352)	0	(835)	0
Other changes in current assets and liabilities	(1,146)	0	497	0
Income taxes paid	(1,908)	0	(468)	0
Post-employment benefits (TFR) paid	(973)	0	(641)	0
Other changes in non-current assets and liabilities	(951)	0	(753)	0
Change in net working capital	**(9,324)**	**15**	**(4,392)**	**4**
Cash flow from (used in) operating activities	**10,726**	**15**	**15,161**	**4**
(Purchase) of property, plant and equipment net of disposals	(747)	0	(968)	0
(Purchase) of intangible assets net of disposals	(1,562)	0	(119)	0
Cash flow from business combinations net of cash acquired	(1,936)	0	(1,339)	0
(Purchase)/sale of equity investments and securities	(500)	0	67	0
Cash flow from (used in) investing activities	**(4,745)**	**0**	**(2,359)**	**0**
Change in current financial assets	407	0	216	0
Change in current financial liabilities	(4,498)	0	3,048	0
Financial expense paid	(1,165)	0	(1,156)	0
Change in non-current financial liabilities	5,444	0	3,397	0
Repayments of lease liabilities	(2,535)	0	0	0
Cash paid for purchase of share pertaining to third parties	(283)	0	0	0
Cash paid to purchase own shares	(2,290)	0	(2,366)	0
Distribution of dividends paid to Group shareholders	(2,896)	0	(2,698)	0
Contributions from minority interests	10	0	0	0
Cash flow from (used in) financing activities	**(7,806)**	**0**	**441**	**0**
Cash flow from (used in) discontinued operations	**0**	**0**	**0**	**0**
Cash and cash equivalents	**(1,825)**	**15**	**13,243**	**4**
Net cash and cash equivalents - opening balance	36,010	0	22,767	0
Net cash and cash equivalents - closing balance	34,185	0	36,010	0
Net increase (decrease) in cash and cash equivalents	**(1,825)**	**0**	**13,243**	**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)	(57)	70
Ukrainian Hryvnia (UAH)	(6)	7
Romanian Leu (RON)	(66)	81
British Pound (GBP)	114	(139)
Swiss Franc (CHF)	(50)	61
Total	**(65)**	**80**

  Following a hypothetical increase of all exchange rates of ten percent, the overall impact would be a negative Euro 65 thousand, against a positive impact of Euro 80 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 47.8% of operating revenue. The maximum theoretical exposure to credit risk for the Group at 31 December 2019 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 and lastly, a swap contract was drawn up to hedge interest risk on an unsecured loan of Euro 4 million. 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 applicable to existing loans at 31 December 2019, even considering the hedges in place, would result in a pre-tax expense of Euro 80 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.

- **Additional information on financial instruments and risk management policies**

The following tables provide, separately for the two years compared, the additional information required by IFRS 7 in order to assess the relevance of financial instruments with relation to the equity and financial situation of the Group and its profit (loss) for the year.

Categories of financial assets and liabilities

The breakdown of the book value of financial assets and liabilities into the categories envisaged by accounting standard IFRS 9 is shown below.

Financial assets at 31.12.2019

Amounts in EUR thousands	Financial assets for derivative instruments	Financial assets at amortised cost	Financial assets FVOCI	Book value	Notes to the financial statements
OTHER FINANCIAL ASSETS	**0**	**0**	**829**	**829**	
Equity investments			829	829	*5*
Other receivables and financial assets		0		0	
Financial receivables (portion beyond 12 months)		0		0	
TRADE RECEIVABLES	**0**	**29,414**	**0**	**29,414**	
Receivables due from customers		29,414		29,414	*9*
OTHER CURRENT RECEIVABLES/ASSETS	**0**	**0**	**0**	**0**	
CURRENT FINANCIAL ASSETS	**0**	**104**	**0**	**104**	
Financial receivables and other current financial assets		104		104	*12*
Securities and financial assets		0		0	
CASH AND CASH EQUIVALENTS	**0**	**34,185**	**0**	**34,185**	
Cash and cash equivalents		34,185		34,185	*13*
TOTAL FINANCIAL ASSETS	**0**	**63,703**	**829**	**64,532**	

Financial liabilities at 31.12.2019

Amounts in EUR thousands	Financial liabilities for derivative instruments	Financial liabilities at amortised cost	Book value	Notes to the financial statements
FINANCIAL PAYABLES AND OTHER NON-CURRENT LIABILITIES	**(168)**	**(26,972)**	**(27,140)**	
Financial payables and other non-current financial liabilities		(20,758)	(20,758)	*15*
Hedge derivatives	(168)		(168)	*15*
Financial liabilities for non-current rights of use		(6,214)	(6,214)	*17*
Other financial liabilities		0	0	
CURRENT LIABILITIES	**(1)**	**(30,941)**	**(30,942)**	
Financial payables and other current financial liabilities		(15,571)	(15,571)	*16*
Hedge derivatives	(1)		(1)	*16*
Trade payables		(12,327)	(12,327)	*22*
Payables to related parties		(39)	(39)	*22*
Financial liabilities for current rights of use		(3,004)	(3,004)	*17*
OTHER FINANCIAL LIABILITIES	**0**	**0**	**0**	
Other financial liabilities		0	0	
Financial payables to related parties		0	0	
TOTAL FINANCIAL LIABILITIES	**(169)**	**(57,913)**	**(58,082)**	

Financial assets at 31.12.2018

Amounts in EUR thousands	Financial assets for derivative instruments	Financial assets at amortised cost	Financial assets FVOCI	Book value	Notes to the financial statements
OTHER FINANCIAL ASSETS	**0**	**0**	**329**	**329**	
Equity investments			329	329	*5*
Other receivables and financial assets		0		0	
Financial receivables (portion beyond 12 months)		0		0	
TRADE RECEIVABLES	**0**	**27,789**	**0**	**27,789**	
Receivables due from customers		27,789		27,789	*9*
OTHER CURRENT RECEIVABLES/ASSETS	**0**	**0**	**0**	**0**	
CURRENT FINANCIAL ASSETS	**0**	**511**	**0**	**511**	
Financial receivables and other current financial assets		511		511	*12*
Securities and financial assets		0		0	
CASH AND CASH EQUIVALENTS	**0**	**36,010**	**0**	**36,010**	
Cash and cash equivalents		36,010		36,010	*13*
TOTAL FINANCIAL ASSETS	**0**	**64,310**	**329**	**64,639**	

Financial liabilities at 31.12.2018

Amounts in EUR thousands	Financial liabilities for derivative instruments	Financial liabilities at amortised cost	Book value	Notes to the financial statements
FINANCIAL PAYABLES AND OTHER NON-CURRENT LIABILITIES	**(97)**	**(15,386)**	**(15,483)**	
Financial payables and other non-current financial liabilities		(15,386)	(15,386)	*15*
Hedge derivatives	(97)		(97)	*15*
Financial liabilities for non-current rights of use		0	0	
Other financial liabilities		0	0	
CURRENT LIABILITIES	**0**	**(31,953)**	**(31,953)**	
Financial payables and other current financial liabilities		(20,114)	(20,114)	*16*
Hedge derivatives		0	0	*16*
Trade payables		(11,815)	(11,815)	*22*
Payables to related parties		(24)	(24)	*22*
Financial liabilities for current rights of use		0	0	
OTHER FINANCIAL LIABILITIES	**0**	**0**	**0**	
Other financial liabilities		0	0	
Financial payables to related parties		0	0	
TOTAL FINANCIAL LIABILITIES	**(97)**	**(47,339)**	**(47,436)**	

Note that the fair value of derivative instruments refer to the measurement techniques described previously.

The following table shows the classification of the financial assets and liabilities recognised in the financial statements at fair value, based on the nature of the financial parameters used to determine the fair value, using the hierarchy envisaged by the standard:

- level I: quoted prices for identical instruments in active markets;
- level II: variables other than quoted prices in active markets that are observable either directly (as in the case of prices) or indirectly (namely price derivatives);
- level III: variables that are not based on observable market values.

Financial statement items at 31 December 2019	Book value	Level I	Level II	Level III	Total fair value	Notes to the financial statements
Equity investments			**0**	**829**	**829**	*5*
Hedge derivatives on equity instruments	**0**	**0**	**0**	**0**	**0**	
- Put					0	
- Call					0	
Derivatives designated for cash flow hedges	**(169)**	**0**	**(169)**	**0**	**(169)**	
- Forward contracts					0	
- IRS on rates contracted on Unicredit loan	(81)		(81)		(81)	*15-16*
- IRS on rates contracted on BPM loan of Euro 7 million	(1)		(1)		(1)	*15-16*
- IRS on rates contracted on BPM loan of Euro 10 million	(87)		(87)		(87)	*15-16*

Financial statement items at 31 December 2018	Book value	Level I	Level II	Level III	Total fair value	Notes to the financial statements
Equity investments			**0**	**329**	**329**	*5*
Hedge derivatives on equity instruments	**0**	**0**	**0**	**0**	**0**	
- Put					0	
- Call					0	
Derivatives designated for cash flow hedges	**(97)**	**0**	**(97)**	**0**	**(97)**	
- Forward contracts					0	
- IRS on rates contracted on Unicredit loan					0	
- IRS on rates contracted on BPM loan of Euro 7 million	(11)		(11)		(11)	*15-16*
- IRS on rates contracted on BPM loan of Euro 10 million	(86)		(86)		(86)	*15-16*

5.5. Positions deriving from atypical or unusual transactions

In 2019, 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 2019 totalled Euro 285 thousand (Euro 279 thousand last year), of which Euro 15 thousand refer to the limited audit of the "Non-financial statement at 31.12.2019".

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

6. Events after the reporting period at 31 December 2019

From January 2020, the national and international scenario has been characterised by the spread of Covid-19 and by the consequent restrictive measures for its containment, set in place by the public authorities of the countries in question. These circumstances, which are extraordinary by nature and extension, are having direct and indirect repercussions on economic activity, creating a context of general uncertainty, whose evolution and relative effects are still not fully predictable.

More specifically, given the particular nature of the Be Group's reference market – just large Financial Institutions - and the current visibility as regards the progression of the Covid-19 Pandemic, it is expected to have a limited impact in the first half of the year. All of the major Financial institutions have accelerated their strategies to switch to digital and our Group is seeking to offer our full support to all of its customers.

A more complete opinion as to the expected performance of the market will be issued at the end of the first six-month period. At present, there are no grounds for not confirming our estimates as regards the objectives for 2020, and more generally, those of the whole 2020-2022 Business Plan.

In operational terms, in line with the provisions of the Prime Ministerial Decree of 9 March 2020, the majority of the company has adopted a smart-working approach, and the capacity of the technological equipment to support remote operations has been boosted. Business continuity is guaranteed everywhere. Nearshoring sites have been activated, for any potential requirements, at the competency centres in Poland and Romania, although at present there is no need whatsoever to transfer business activities there. Be is also in constant contact with the Authorities and health facilities to monitor the evolution of the measures needed to contain the pandemic. The health of its customers and employees is its top priority.

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

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

Milan, 12 March 2020.

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

Certification of 2019 Consolidated Financial Statements pursuant to art. 81-ter, Consob Regulation 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 2019.

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) 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 and of the group of companies included in the scope of consolidation;

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 2020

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

Manuela Mascarini

/signed/ Stefano Achermann
Chief Executive Officer

Stefano Achermann

Parent Company Financial Statements

A. Statement of Financial Position

Amounts in EUR	*Notes*	31.12.2019	31.12.2018
NON-CURRENT ASSETS			
Property, plant and equipment	*1*	1,344	2,623
Rights of use	*2*	124,816	0
Goodwill	*3*	10,170,000	10,170,000
Intangible Assets	*4*	4,083	6,833
Equity investments in subsidiaries	*5*	43,248,964	34,198,964
Financial receivables and other non-current financial assets	*6*	919,908	0
Loans and other non-current assets	*7*	712,222	562,222
Deferred tax assets	*8*	722,354	1,643,605
Total non-current assets		**55,903,691**	**46,584,247**
CURRENT ASSETS			
Trade receivables	*9*	5,093,053	4,262,269
Other assets and receivables	*10*	15,852,003	12,396,572
Direct tax receivables	*11*	46,673	46,673
Financial receivables and other current financial assets	*12*	10,957,755	19,436,234
Cash and cash equivalents	*13*	26,280,598	25,713,041
Total current assets		**58,230,082**	**61,854,789**
Total discontinued operations		**0**	**0**
TOTAL ASSETS		**114,133,773**	**108,439,036**
SHAREHOLDERS' EQUITY			
Share capital		27,109,165	27,109,165
Reserves		10,686,282	14,203,800
Net profit (loss)		5,204,304	1,728,089
TOTAL SHAREHOLDERS' EQUITY	***14***	**42,999,751**	**43,041,054**
NON-CURRENT LIABILITIES			
Financial payables and other non-current financial liabilities	*15*	20,926,421	15,418,268
Financial liabilities for non-current rights of use	*16*	60,614	0
Provisions for future risks and charges	*17*	36,078	2,858,078
Post-employment benefits (TFR)	*18*	177,374	168,305
Deferred tax liabilities	*19*	2,930,994	2,930,994
Other non-current liabilities	*20*	556,222	556,222
Total Non-current liabilities		**24,687,703**	**21,931,867**
CURRENT LIABILITIES			
Financial payables and other current financial liabilities	*21*	32,153,167	34,162,670
Financial liabilities for current rights of use	*16*	64,167	0
Trade payables	*22*	2,307,638	1,956,238
Provision for current risks	*23*	4,253,730	0
Tax payables	*24*	1,022,166	361,046
Other liabilities and payables	*25*	6,645,452	6,986,161
Total Current liabilities		**46,446,320**	**43,466,115**
Total discontinued operations		**0**	**0**
TOTAL LIABILITIES		**71,134,023**	**65,397,982**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**114,133,773**	**108,439,036**

The effects of related party transactions on the statement of financial position in accordance with Consob Resolution 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 2019	FY 2018
Operating revenue	*26*	4,489,523	4,581,544
Other revenue and income	*27*	1,459,431	2,233,266
Total Operating revenue		**5,948,953**	**6,814,810**
Raw materials and consumables	*28*	(762)	(1,696)
Service costs	*29*	(7,996,296)	(8,853,735)
Personnel costs	*30*	(3,689,046)	(3,577,950)
Other operating costs	*31*	(201,604)	(330,381)
Amortisation and depreciation, provisions and write-downs:			
Depreciation of Property, Plant and Equipment	*32*	(1,181)	(1,514)
Amortisation of Intangible Assets	*32*	(3,750)	(3,667)
Amortisation of Rights of Use	*32*	(55,600)	0
Impairment loss on current assets	*33*	(50,000)	0
Total Operating Costs		**(11,998,239)**	**(12,768,943)**
Operating profit (loss) (EBIT)		**(6,049,285)**	**(5,954,133)**
Financial income	*34*	10,772,677	7,674,508
Financial expense	*34*	(445,995)	(423,645)
Write-down of financial assets		0	(738,329)
Total Financial Income/Expense		**10,326,682**	**6,512,534**
Profit (loss) before tax		**4,277,397**	**558,401**
Current income taxes	*35*	1,867,047	3,205,764
Deferred tax assets and liabilities	*35*	(940,141)	(2,036,076)
Total income taxes		**926,907**	**1,169,688**
Net profit (loss) from continuing operations		**5,204,304**	**1,728,089**
Net profit (loss) from discontinued operations		**0**	**0**
Net profit (loss)		**5,204,304**	**1,728,089**

The effects of related party transactions on the income statement in accordance with Consob Resolution 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 2019	FY 2018
Net profit (loss)	**5,204,304**	**1,728,089**
Items not subject to reclassification in the income statement		
Actuarial gains (losses) on employee benefits	(6,930)	3,665
Tax effect on actuarial gains (losses)	1,663	(880)
Items subject to reclassification in the income statement when certain conditions are met		
Gains (losses) on cash flow hedges	(54,550)	(51,400)
Gains (losses) on the restatement (*fair value*) of available-for-sale financial assets	0	0
Other items of comprehensive income	**(59,816)**	**(48,615)**
Net comprehensive profit (loss)	**5,144,487**	**1,679,474**

D. Statement of Cash Flows

Amounts in EUR	FY 2019	FY 2018
Net profit (loss)	**5,204,304**	**1,728,089**
Amortisation and depreciation	60,531	5,181
Non-monetary changes in post-employment benefits (TFR)	8,139	2,229
Net financial income in the income statement	(10,326,682)	(6,512,534)
Taxes for the year	(1,867,047)	(3,205,764)
Deferred tax assets and liabilities	940,141	2,036,076
Provisions and write-downs	1,809,730	1,590,000
Release of bad debt provisions	(328,000)	(506,597)
Other non-monetary changes	(54,549)	(51,399)
Cash flow from operating activities	**(4,553,433)**	**(4,914,719)**
Change in trade receivables	(880,784)	405,723
Change in trade payables	351,400	927,916
Use of bad debt provisions	0	(5,000)
Other changes in current assets and liabilities	(723,117)	(919,225)
Income taxes paid	(508,495)	(150,251)
Post-employment benefits (TFR) paid	(6,000)	(3,360)
Other changes in non-current assets and liabilities	(167,229)	(16,233)
Change in net working capital	**(1,934,225)**	**239,570**
Cash flow from (used in) operating activities	**(6,487,658)**	**(4,675,149)**
(Purchase) of property, plant and equipment net of disposals	98	0
(Purchase) of intangible assets net of disposals	(1,000)	(9,500)
Cash flow from (used in) investing activities	**(902)**	**(9,500)**
Change in current financial assets	9,251,156	5,911,092
Change in current financial liabilities	7,990,497	11,648,022
Change in non-current financial assets	(919,908)	0
Change in non-current financial liabilities	5,508,153	3,397,709
Repayments of lease liabilities	(55,635)	0
Financial expense paid	(482,356)	(379,380)
Cash paid to purchase own shares	(2,289,790)	(2,365,955)
Cash paid for contributions to subsidiaries	(9,050,000)	0
Distribution of dividends paid to Company shareholders	(2,896,000)	(2,697,945)
Cash flow from (used in) financing activities	**7,056,117**	**15,513,543**
Cash flow from (used in) discontinued operations	**0**	**0**
Cash and cash equivalents	**567,557**	**10,828,894**
Net cash and cash equivalents - opening balance	25,713,041	14,884,147
Net cash and cash equivalents - closing balance	26,280,598	25,713,041
Net increase (decrease) in cash and cash equivalents	**567,557**	**10,828,894**

In accordance with Consob Resolution 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 31.12.2017	**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**
Net profit (loss)	0	0	0	0	0	0	0	5,204,304	5,204,304
Other items of comprehensive income	0	0	0	0	0	(59,816)	0	0	(59,816)
Net comprehensive profit (loss)	**0**	**0**	**0**	**0**	**0**	**(59,816)**	**0**	**5,204,304**	**5,144,488**
Purchase of own shares	0	0	0	0	(2,289,790)	0	0	0	(2,289,790)
Allocation of prior year profit (loss)	0	86,404	0	0	0	0	1,641,685	(1,728,089)	0
Dividend distribution	0	0	0	(1,254,316)	0	0	(1,641,685)	0	-2,896,001
SHAREHOLDERS' EQUITY AT 31.12.2019	**27,109,165**	**540,708**	**15,168,147**	**433,038**	**(4,655,745)**	**(799,866)**	**0**	**5,032,144**	**42,999,751**

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 2019 were approved for publication by the Board of Directors on 12 March 2020. Be S.p.A. has also drawn up the Consolidated Financial Statements for the Be Group at 31 December 2019.

2. Measurement criteria and accounting standards

2.1 Presentation criteria

The financial statements of Be S.p.A. at 31 December 2019 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 2020-2022 Plan was prepared by the Directors for the purpose of *Impairment testing*, approved by the Board of Directors' Meeting held on 19 February 2020 (hereinafter "2020-2022 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 2020-2022 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan, their extent and timing.

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.

In this regard, although at a time of general uncertainty generated by the spread, in 2020, of Covid 19 (Coronavirus) and by the consequent restrictive measures set in place to contain it, at present we believe that the grounds on which the forecasts of future cash flows used for impairment testing were based can still be considered valid. Nevertheless, we cannot rule out the possibility that the continuation of the current situation of uncertainty may have economic impacts, which, on the date of preparation of the financial statements, cannot be quantified or estimated. Therefore, it is important to note that, based on the coverage resulting from impairment testing of asset values recognised, at present the Directors do not believe there are any elements of uncertainty as to the recoverability of the same, although they will be continuously monitored during the rest of the year. Further details on the considerations of the Directors with regard to the spread of the Coronavirus are provided in the Management Report.

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.

2020-2022 Plan

The 2020-2022 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 2019 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 2019, the company repaid the envisaged instalments of existing loans. For additional information, refer to notes 15 and 21.

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 expense 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%

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 face value and subsequently reduced by any impairment losses established in accordance with the content of note 2.4.4 and note 2.4.17. 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 Own shares

Own 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, post-employment benefits (TFR) provision 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 payables 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 Leased assets

Assets acquired through lease agreements are recognised in property, plant and equipment under a specific item called "Rights of use" at an amount corresponding to the value of the financial liability calculated on the basis of the present value of future payments discounted by using the *incremental borrowing rate* for each agreement. The debt is progressively reduced based on the repayment plan of the principal amount included in the payments envisaged in the agreement, the interest amount is instead recognised in the income statement and classified as financial expense. The value of the right of use is systematically depreciated on the basis of the expiry terms of the lease agreement, also considering the likely renewal of the agreement in the presence of an enforceable renewal option. Payments relating to lease agreements with a term equal to or less than 12 months, and agreements whose underlying asset is of low value are recognised on a straight line basis in the income statement based on 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 S.r.l.; for the three-year period 2018-2020 with the subsidiary Be Solutions, Solve, Realize & Control S.p.A. (hereinafter "Be Solutions"), with the subsidiary: Juniper S.r.l. for the three-year period 2019-2021.

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. iBe Think Solve Execute Ltd-Italian Branch also chose this option until 2020.

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 and hedges

Derivative financial instruments, including embedded derivatives are assets and liabilities recognised at fair value according to IAS 39.

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 2019, the Company had four 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 2019

The accounting standards adopted are the same as for the previous year, except for those entering into force from 1 January 2019, and adopted by the Group for the first time, i.e.:

- On 13 January 2016, the IASB published standard **IFRS 16 - Leases**, which replaces 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 Standard provides a new definition of lease and introduces a criterion based on the notion of control (right of use) of an asset to distinguish lease contracts from service contracts, identifying the following as discriminants for leases: 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 introduce any significant changes for lessors. The change in the definition of lease mainly relates to the criterion based on control ("right of use"). According to IFRS 16, a contract contains a lease if the customer has the right to control the use of an identified asset for a period of time in exchange for a consideration. This notion is substantially different to the concept of "risks and benefits" that was the main focus of IAS 17 and IFRIC 4.

  The Company has decided to apply the principle retrospectively, although recognising the cumulative impact resulting from the application of the Standard in shareholders' equity at 1 January 2019 (not changing the comparative data for FY 2018), 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 has recognised:

  – 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;
  – a right of use 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.

The following table shows the impacts resulting from the adoption of IFRS 16 on the transition date:

ASSETS (*amounts in EUR*)	***Impact on transition date (01.01.2019)***
Non-current assets	
Right of use Buildings	Euro 71,893
Right of use Motor vehicles	Euro 69,377
Total	**Euro 141,270**
SHAREHOLDERS' EQUITY AND LIABILITIES	
Non-current liabilities	
Non-current financial lease liabilities	Euro 88,162
Current liabilities	
Current financial lease liabilities	Euro 53,108
Total	**Euro 141,270**

Note that the average weighted incremental borrowing rate (1.51%) applied to financial liabilities recognised at 1 January 2019 was calculated as the risk-free rate of each country with which the contracts were entered into, with due date proportional to the term of the specific contract, plus the specific Group Credit Spread.

In adopting IFRS 16, the Company exercised the exemption granted by paragraph IFRS 16:5(a) relating to short-term leases for asset classes "Motor vehicles" and Other assets.

Similarly, the Company exercised the exemption granted by IFRS 16:5(b) regarding lease contracts for which the underlying asset is considered to be of low value (namely, the individual asset underlying the lease contract does not exceed the exchange value in Euros of USD 5,000). The contracts for which the exemption has been applied mainly fall into the following categories:

- Printers;
- Other electronic equipment;

For these contracts, the introduction of IFRS 16 has not resulted in the recognition of the financial lease liability and of the relative right of use, but the lease payments are recognised in the income statement on a straight line basis for the term of the respective contracts under "other costs" of the consolidated income statement.

Furthermore, with regard to transition rules, the Company exercised the following practical expedients available if the amended retrospective approach is chosen:

- the use of a single discounting rate for lease portfolios with reasonably similar features;
- the classification of contracts that expire within 12 months from the transition date as short-term leases. For these contracts, the lease payments are recognised in the income statement on a straight line basis;
- the exclusion of initial direct costs from the measurement of the right of use at 1 January 2019;
- the use of the information present on the transition date to determine the lease term, with specific reference to the exercise of extension and early termination rights. 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 Group has generally deemed the exercise of any extension or early termination clauses as unlikely given the practices usually following by the Group.

For lease contracts previously classified as financial leases in application of IAS 17, the book value of the lease assets and the obligations relating to lease contracts recognised according to IAS 17 at 31 December 2018, are reclassified respectively as rights of use and lease liabilities without any adjustment, with the exception of the exemption for the recognition of leases of low value.

Reconciliation of contractual commitments at 31 December 2018 and financial lease liabilities at 1 January 2019.

Contractual commitments for leases at 31.12.2018	**162**
Contracts out of scope	(18)
Other changes (possible renewal)	
Face value of financial liabilities	**144**
Effect of discounting	(3)
Net financial lease liabilities at 1 January 2019	**141**

- 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 adoption of this amendment has had no effect on the Parent Company's Financial Statements. As regards the amendment to IAS 12-'Income Taxes', which clarifies that a company must recognise the tax effects of dividends in the income statement, this interpretation was already adopted by the Parent Company.

- 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.

The Parent Company did have any changes to existing plans, so the adoption of this amendment has had no effect 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 adoption of this amendment has had no effect on the Parent Company's Financial Statements.

- On 7 June 2017, the IASB published interpretation **"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 has been applied from 1 January 2019.

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

- 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 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 2019

The main IFRS and IFRIC accounting standards, amendments and interpretations, whose application is not yet compulsory and for which the Group did not opt for early adoption at 31 December 2019 are listed below:

- 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.

The changes introduced were endorsed on 29 November 2019 and apply to all transactions after 1 January 2020.

The directors do not expect the adoption of this amendment to have an impact on the Parent Company's financial statements.

- On 29 March 2018, the IASB published an amendment to the "**References to the Conceptual Framework in IFRS Standards"**. The amendment applies to periods starting on 1 January 2020 or later, although early application is permitted. The Conceptual Framework establishes the fundamental concepts for financial disclosures and guides the Board in the development of IFRS standards. The document helps to guarantee that the Standards are conceptually consistent and that similar transactions are treated in the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework provides support to enterprises in developing accounting standards when no IFRS standard is applicable to a specific transaction and, more generally, helps the interested parties understand and interpret the Standards.

  The directors do not expect the adoption of this amendment to have an impact on the Group's consolidated financial statements.

  On 26 September 2019, the IASB published an amendment called **"Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform".** The same amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. More specifically, the amendment changes some of the requirements requested for the application of hedge accounting, envisages temporary departures from the same, in order to mitigate the impact resulting from the uncertainty of the IBOR reform (currently underway) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements regarding their hedges that are directly affected by the uncertainties generated by the reform and to which the above-mentioned departures may be applied.

  The directors do not expect the adoption of this amendment to have an impact on the Group's consolidated financial statements.

2.7 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 22 October 2018, the IASB published a document entitled "**Definition of a Business (Amendments to IFRS 3)**". The document provides some clarification as to the definition of a 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 an 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 has introduced an optional concentration test, which allows the presence of a business to be excluded if the price paid substantially refers to a single asset or group of assets. 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 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 this standard to have a significant impact 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 2018	Increases	Decreases	Reclassifications	Write-downs	Historical cost 2019
Plant and machinery	3,514	0	(3,514)	0	0	0
Other assets	300,002	0	(294,377)	0	0	5,625
TOTAL	**303,516**	**0**	**(297,891)**	**0**	**0**	**5,625**

Change in accumulated depreciation

	Accumulated depreciation 2018	Depreciation	Decreases	Reclassifications	Write-downs	Accumulated depreciation 2019
Plant and machinery	3,514	0	(3,514)	0	0	0
Other assets	297,379	1,181	(294,279)	0	0	4,281
TOTAL	**300,893**	**1,181**	**(297,793)**	**0**	**0**	**4,281**

Net book value

	Net value 2018	Net value 2019
Plant and machinery	0	0
Other assets	2,623	1,344
TOTAL	**2,623**	**1,344**

In 2019, the company scrapped assets that were fully depreciated and no longer used.

Therefore, the figure for the item other assets includes the following categories:

- ordinary office furniture and machines;
- electronic office machines;
- mobile phones.

Note 2.

Rights of use

At 31 December 2019, rights of use totalled Euro 124,816.

Following the entry into force from 1 January 2019 of IFRS 16 - Leases, which replaced IAS 17, the Company opted to apply the standard with the amended retrospective approach, in accordance with that envisaged by IFRS 16. More specifically, for lease contracts in place on 1 January 2019, the Company recognised a right of use 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. The application of the standard mainly regards long-term property leases and leases for company cars used by personnel.

Changes in the period are shown below:

Change in historical cost

	Historical cost 1.01.2019	Business combinations	Increases	Decreases	Exchange gains/losses	Historical cost 31.12.2019
Motor vehicles	71,893	0	50,081	(16,094)	0	105,880
Property	69,377	0	0	0	0	69,377
TOTAL	**141,270**	**0**	**50,081**	**(16,094)**	**0**	**175,257**

Change in accumulated amortisation

	Accumulated amortisation 1.01.2019	Business combinations	Amortisation	Decreases	Exchange gains/losses	Accumulated amortisation 31.12.2019
Motor vehicles	0	0	31,814	(5,159)	0	26,655
Property	0	0	23,786	0	0	23,786
TOTAL	**0**	**0**	**55,600**	**(5,159)**	**0**	**50,441**

	Net value 1.01.2019	Net value 31.12.2019
Motor vehicles	71,893	79,225
Property	69,377	45,591
TOTAL	**141,270**	**124,816**

Note 3.

Goodwill

Goodwill

	Balance at 31.12.2018	Increases	Decreases	Impairment loss	Balance at 31.12.2019
Goodwill	10,170,000	0	0	0	10,170,000
TOTAL	**10,170,000**	**0**	**0**	**0**	**10,170,000**

Goodwill at 31 December 2019 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 2019, 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 in turn to Be Solutions following the extraordinary merger of the two companies and 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 2019, based on the results of the *impairment test* and of the impairment tests and 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 2020-2022 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 2020-2022 Plan, such as the revenue and profit (loss) expected to be recorded.

Note that, as regards the estimated operating cash flows, the same originate from the plans examined by the Board of Directors at a meeting held on 19 February 2020, prepared on the basis of an explicit 3-year forecasting period. These plans incorporate the assumptions of the Directors in line with the strategy of the Be Group for the different businesses and markets in which it operates and also depend on external variables that are beyond the control of management such as the interest rate trend.

These plans incorporate the assumptions of the Directors in line with the strategy of the Be Group for the different businesses and markets in which it operates and also depend on external variables that are beyond the control of management such as the interest rate trend, macro-political or social factors with a local or global impact. These external factors, in line with accounting standard IAS 36, have been estimated on the basis of elements known on the date of preparation and examination of company plans and therefore do not incorporate the effects, which are currently difficult to quantify, of the spread at global level of the so-called Covid-19, mentioned in paragraph 8. Events after 31 December 2019 and business outlook.

Therefore, it is important to note that, based on the coverage resulting from impairment testing of asset values recognised, at present the Directors do not believe there are any elements of uncertainty as to the recoverability of the same, although they will be continuously monitored during the rest of the year.

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 2020-2022 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.

<u>Note 4.</u>

Intangible Assets

Change in historical cost

	Historical cost 2018	Increases	Decreases	Other changes	Write-downs	Historical cost 2019
Concessions, licences and trademarks	11,000	1,000	0	0	0	12,000
TOTAL	**11,000**	**1,000**	**0**	**0**	**0**	**12,000**

Change in accumulated amortisation

	Accumulated amortisation 2018	Amortisation	Decreases	Other changes	Write-downs	Accumulated amortisation 2019
Concessions, licences and trademarks	4,167	3,750	0	0	0	7,917
TOTAL	**4,167**	**3,750**	**0**	**0**	**0**	**7,917**

Net book value

	Net value 2018	Net value 2019
Concessions, licences and trademarks	6,833	4,083
TOTAL	**6,833**	**4,083**

In 2019, intangible assets rose by Euro 1 thousand, due to the purchase of Uvet's BizTravel platform to manage the business trips of employees.

Note 5.

Equity investments in subsidiaries

Equity investments in subsidiaries amount to Euro 43,249 thousand and are summarised in the following table.

Equity investments in subsidiaries

	31.12.2018	Increases	Decreases	31.12.2019
Be Solutions S.p.A.	27,816,273	9,000,000	0	36,816,273
Be Consulting S.p.A.	6,377,672	0	0	6,377,672
Be Romania Srl	5,019	0	0	5,019
Be Corporate S.p.A.	0	50,000	0	50,000
TOTAL	**34,198,964**	**9,050,000**	**0**	**43,248,964**

- **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 2019.

  The company 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.

  In 2019, the company made a contribution to capital of Euro 9,000,000 to strengthen the capital structure.

- **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..

- **Be Shaping the Future Corporate Services S.p.A.**

  In November, a company called Be Shaping the Future Corporate Services S.r.l. was established, transformed into an S.p.A. in December of the same year, with a view to centralising the performance of Corporate Services in a single company.

  The company's registered offices are in Rome, and it has a share capital of Euro 50,000 of which Be S.p.A. holds 100% at 31 December 2019.

The table below summarises the equity investments held:

Company	Registered office	Share Capital:	Shareholders' Equity at 31.12.2019	Net profit (loss) for the year at 31.12.2019	Interest held	Value attributed to financial statements 31.12.2019	Shareholders' Equity pro rata difference and value attributed to the financial statements
Be Consulting S.p.A.	Rome	120,000	15,257,221	8,330,321	100%	6,377,672	8,879,548
Be Solutions S.p.A.	Rome	7,548,441	20,451,873	2,132,297	100%	36,816,273	(16,364,400)
Be Romania	Bucharest	4,560	742,240	117,826	100%	5,019	(737,221)
Be Corporate S.p.A.	Rome	50,000	50,000	0	100%	50,000	0

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* tests 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 and for Be Consulting was 8.80%;
- 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 2019;
- 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:

- 12.20% 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 6.

Financial receivables and other non-current financial assets

Non-current financial receivables due from group

	Balance at 31.12.2019	Balance at 31.12.2018
Non-current financial receivables due from Subsidiaries	919,908	0
TOTAL	**919,908**	**0**

Non-current receivables due from subsidiaries is entirely comprised by the long-term portion of an intercompany loan.

Note 7.

Loans and other non-current assets

Other non-current receivables

	Balance at 31.12.2019	Balance at 31.12.2018
Guarantee deposits	156,000	6,000
Other non-current receivables	556,222	556,222
TOTAL	**712,222**	**562,222**

Euro 150 thousand of receivables and other non-current assets refer mainly to a guarantee deposit due from Uvet Global Business 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 20.

Note 8.

Deferred tax assets

Deferred tax assets

	Balance at 31.12.2018	Increases	Decreases	Other changes	Balance at 31.12.2019
Deferred tax assets	1,643,605	289	(940,430)	18,890	722,354
TOTAL	**1,643,605**	**289**	**(940,430)**	**18,890**	**722,354**

Deferred tax assets in the financial statements are recognised on the assumption that the same can be reasonably recovered and refer to 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 2020-2022 Plan.

Deferred tax assets are calculated using the tax rates in force from 1 January 2019 (IRES 24% and IRAP 3.9%-4.82%).

The decreases refer mainly to uses of previous tax losses.

Note 9.

Trade receivables

Trade receivables

	Balance at 31.12.2019	Balance at 31.12.2018
Receivables due from customers	668,063	668,062
Bad debt provision for receivables due from customers	(193,000)	(143,000)
Receivables due from Group Companies	4,617,990	3,737,207
TOTAL	**5,093,053**	**4,262,269**

Trade receivables amount to:

- Euro 4,618 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 allocate Euro 140 thousand to the bad debt provision, while in the year under analysis, a further Euro 50 thousand was prudentially allocated with a view to adjusting the face value of the receivables to the presumed recoverable amount.

The changes in the bad debt provision are illustrated below:

Bad debt provision

	Balance at 31.12.2019	Balance at 31.12.2018
Opening balance	143,000	411,745
Allocations	50,000	0
Uses/releases	0	(268,745)
TOTAL	**193,000**	**143,000**

Comments on the way in which credit risk is managed are contained in paragraph 5.5.

Note 10.

Other assets and receivables

Other assets and receivables

	Balance at 31.12.2019	Balance at 31.12.2018
Current receivables from social security and national insurance entities	382	0
Advances to suppliers for services	73	120
Receivables due from employees	1,135	5,000
VAT credits and other indirect taxes	1,339	174,165
Accrued income and prepaid expenses	48,936	70,730
Other receivables due from Group companies	15,527,978	12,146,557
Other current trade receivables	272,160	0
TOTAL	**15,852,003**	**12,396,572**

The item Other receivables due from Group companies mainly represents the receivable due from subsidiaries under the tax consolidation scheme.

Note 11.

Direct tax receivables

Direct tax receivables

	Balance at 31.12.2019	Balance at 31.12.2018
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 12.

Financial receivables and other current financial assets

Financial receivables and other current financial assets

	Balance at 31.12.2019	Balance at 31.12.2018
Financial receivables due from Group Companies	10,957,755	19,436,234
TOTAL	**10,957,755**	**19,436,234**

This item is entirely comprised by receivables due from subsidiaries amounting to Euro 10,958 thousand relating to the centralised treasury activities of the Parent Company.

Note 13.

Cash and cash equivalents

Cash and cash equivalents

	Balance at 31.12.2019	Balance at 31.12.2018
Bank and postal deposits	26,280,144	25,712,934
Cash at bank and in hand	454	107
TOTAL	**26,280,598**	**25,713,041**

The balance represents cash held in current accounts at banks and post offices, and cash on hand at 31 December 2019.

Note 14.

Shareholders' Equity

Share Capital and Reserves

At 31 December 2019 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 18 April 2019, the Shareholders' Meeting approved the Financial Statements at 31 December 2018 of Be S.p.A., resolving to allocate Euro 86,404.46 of the profit for the year of Euro 1,728,089.26 to the Legal Reserve and the remainder of Euro 1,641,684.80 to Profit carried forward, and to distribute a dividend of Euro 0.022 per share, drawing partly on the profit carried forward and the remainder from the extraordinary reserve.

The payment date of the dividend was 22 May 2019 - coupon no. 9 date of 20 May 2019 and record date of 21 May 2019.

Reserves amount to Euro 10,686 thousand and are comprised by:

- the "legal reserve" of Euro 541 thousand, which shows an increase of Euro 86 thousand following the allocation of the profit from 2018;
- the "extraordinary reserve" of Euro 433 thousand, which shows a net decrease of Euro 1,254 thousand following the distribution of dividends of FY 2018;
- the residual "share premium reserve" of Euro 15,168 thousand which did not change in 2019;
- other negative reserves of Euro 800 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 129 thousand and the impact of post-employment benefits under IAS 19 of Euro 65 thousand.

- the negative reserve for own shares purchased in 2019 of Euro 4,656 thousand.

At 31 December 2019, 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	23.412
iFuture Power in Action S.r.l.	Italian	13,519,265	10.022
Axxion S.A.	Luxembourg	13,487,712	9.999
Stefano Achermann	Italian	7,771,132	5.761
LOYS Investment S.A.	Luxembourg	6,889,321	5.107
Be Think Solve Execute S.p.A	Italian	4,786,256	3.548
Float		56,861,361	42.151
Total		**134,897,272**	**100.000**

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	(4,655,746)				
Share premium reserve	15,168,147	A,B	15,168,147		
Legal reserve	540,709	A,B	540,709		
Extraordinary reserve	433,038	A,B,C	433,038		
Other reserves	(799,866)				
Total	**37,795,447**		**16,141,894**		
Non-allocatable quota			15,708,856		
Residual allocatable quota			433,038		

Legend: ***A:*** *for share capital increase* ***B:*** *to cover losses* ***C:*** *for distribution to shareholders*

Stock option plans

The company has no stock option plans.

Own 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.

During the Shareholders' Meeting on 18 April 2019, the Meeting approved a new plan for the purchase of own shares, subject to the revocation of the resolution authorising the purchase and disposal of own shares, approved by the Shareholders' Meeting on 26 April 2018.

In September, Be Think Solve, Execute S.p.A. announced the launch of the programme for the purchase of own shares, by virtue of the authorisation resolved upon by the Shareholders' Meeting held on 18 April 2019, which resolved on a maximum number of 2,250,000 ordinary shares of the Issuer.

The purchase programme commenced on 17 September 2019 and ended on 31 December 2019; in the period between 17 September and 31 December 2019, the Company purchased 1,525,368 ordinary shares of the same for a total counter value of Euro 1,787,175.

Overall, at 31 December 2019, the Company had purchased 4,786,256 ordinary treasury shares, corresponding to 3.548% of the Company's share capital for a total counter value of 4,655,746.

Note 15.

Financial payables and other non-current financial liabilities

Non-current financial payables of around Euro 20,926 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 31.12.2019	Balance at 31.12.2018
Non-current-financial payables to banks	20,926,421	15,418,268
TOTAL	**20,926,421**	**15,418,268**

The medium and long term loans outstanding at 31 December 2019 and relative maturities were as follows:

M/L term loans	Balance at 31.12.2019	<1 year	>1<2 years Years	>2<3 years Years	>3<4 years	>4 years
Loans maturing in 2020	1,031,155	1,031,155	0	0	0	0
Loans maturing in 2021	4,448,623	2,549,395	1,899,228	0	0	0
Loans maturing in 2022	9,452,277	3,305,573	3,338,780	2,807,924	0	0
Loans maturing in 2023	12,799,952	3,448,390	3,470,187	3,492,042	2,389,333	0
Loans maturing in 2025	4,000,000	559,428	752,059	759,153	766,314	1,163,046
TOTAL LOANS	**31,732,007**	**10,893,941**	**9,460,254**	**7,059,119**	**3,155,647**	**1,163,046**

During 2019, Be S.p.A. entered into new medium-long term loans totalling Euro 19,000 thousand, while the repayments made during the year on medium-long term loans amounted to Euro 7,565 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, on a second variable interest rate loan granted in 2018, and on a third variable interest rate loan granted during the year, for a total of Euro 88 thousand.

As regards 2019, 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 liabilities for current and non-current rights of use

Financial liabilities for current and non-current rights of use

	Balance at 31.12.2019	Balance at 31.12.2018
Financial liabilities for current rights of use	64,167	0
Financial liabilities for non-current rights of use	60,614	0
TOTAL	**124,781**	**0**

Financial liabilities for current and non-current rights of use at 31 December 2019 totalled Euro 125 thousand.

Following the entry into force on 1 January 2019 of *IFRS 16 - Leases*, the Group recognised 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. The application of the standard mainly regards long-term property leases and leases for company cars used by personnel.

Note 17.

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 31.12.2018	Increases	Decreases	Balance at 31.12.2019
Provision for LT personnel risks	36,078	0	0	36,078
Other provisions for risks and charges	2,822,000	0	(2,822,000)	0
TOTAL	**2,858,078**	**0**	**(2,822,000)**	**36,078**

The provision for personnel risks of Euro 36 thousand at 31 December 2019 did not change during the year under analysis. The decrease of "Other provisions for risks and charges" regards a transfer of provisions that were included in the provision for short-term risks (note 23).

Note 18.

Post-employment benefits

Post-employment benefits (TFR)

	Balance at 31.12.2018	Utilisation	Increases/Transfers	Actuarial losses (profits) recognised	Balance at 31.12.2019
Post-employment benefits (TFR) provision	168,305	(6,000)	6,936	8,134	177,374
TOTAL	**168,305**	**(6,000)**	**6,936**	**8,134**	**177,374**

The net increase of Post-employment benefits (TFR) provision of Euro 9 thousand is due to:

- the increase due to a transfer of Euro 7 thousand;
- the use for Post-employment benefits of Euro 6 thousand;
- the increase resulting from actuarial gains resulting from the application of IAS 19 of around Euro 8 thousand.

The liability recognised in the financial statements breaks down as follows:

	Balance at 31.12.2019
Present value of the obligation	170,444
Actuarial (loss)/profit recognised under other comprehensive income	6,930
Liability recognised in the financial statements	177,374

The cost relating to the liability breaks down as follows:

	FY 2019
Interest expense	2,020
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	0.77%
Annual inflation rate	1.20%
Annual rate increase in post-employment benefits	2.40%
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	*Post-employment benefits (TFR)*	*turnover rate*		*inflation rate*		*discounting rate*	
		1	*-1%*	*+1/4%*	*-1/4%*	*+1/4%*	*-1/4%*
Be S.p.A.	177,374	176,058	178,878	179,723	175,076	173,716	181,187

Indication of the contribution to the next year[1] and the average financial duration of the obligation for defined benefit plans:

Company	Service Cost	Duration of the plan
Be S.p.A.	0	9.1

[1] *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 2019, broken down by category, is illustrated in the following table:

Description

	Average number current year	Average number previous year
Executives	7	8
Middle managers	12	11
White collar	27	27
Apprentices	3	1
Interns	0	0
Total	**49**	**47**

Note 19.

Deferred tax liabilities

Deferred tax liabilities

	Balance at 31.12.2018	Increases	Decreases	Reclassification	Balance at 31.12.2019
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:

	2018		2019	
(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 35.

Note 20.

Other non-current liabilities

Other non-current liabilities

	Balance at 31.12.2019	Balance at 31.12.2018
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 7.

Note 21.

Financial payables and other current financial liabilities

	Balance at 31.12.2019	Balance at 31.12.2018
Financial payables to banks	13,848,520	19,219,561
Financial payables to Group Companies	18,263,927	14,830,783
Other financial payables	40,720	112,326
TOTAL	**32,153,167**	**34,162,670**

Current payables to banks are mainly comprised by Euro 10,895 thousand representing the short-term portion of loans with a medium and long-term maturity, Euro 1,167 thousand relating to a loan from credit institutions to be repaid by March 2020, Euro 1,702 thousand in accounts payable to suppliers and Euro 85 thousand in advances on invoices.

Financial payables to other Group companies amount to Euro 18,264 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 41 thousand refer mainly to interest accrued and not collected on Cash-pooling arrangements.

Net financial indebtedness

The net financial indebtedness at 31 December 2019 was around Euro 15,046 thousand compared to around Euro 4,432 thousand at 31 December 2018; the breakdown is shown below.

For comments on individual items, please refer to the content of Notes 12 and 13 above and Notes 15, 16 and 21 **below.**

Net financial position Be S.p.A.

		31.12.2019	31.12.2018	Δ	Δ%
	Cash and cash equivalents at bank	26,280,598	25,713,041	567,557	2.2%
A	**Cash and cash equivalents**	**26,280,598**	**25,713,041**	**567,557**	**2.2%**
B	**Current financial receivables**	**10,957,755**	**19,436,234**	**(8,478,479)**	**(43.6%)**
	Current bank payables	(2,994,020)	(9,310,959)	6,316,939	(67.8%)
	Current share of medium/long-term indebtedness	(10,895,220)	(9,980,346)	(914,874)	9.2%
	Payables for current rights of use	(64,167)	0	(64,167)	n.a.
	Other current financial payables	(18,263,927)	(14,871,365)	(3,392,562)	22.8%
C	**Current financial indebtedness**	**(32,217,334)**	**(34,162,670)**	**1,945,336**	**(5.7%)**
D	**Current net financial position (A+B+C)**	**5,021,019**	**10,986,605**	**(5,965,586)**	**(54.3%)**
	Non-current bank payables	(20,926,421)	(15,418,268)	(5,508,153)	35.7%
	Payables for non-current rights of use	(60,614)	0	(60,614)	n.a.
E	**Non-current net financial position**	**(20,987,035)**	**(15,418,268)**	**(5,568,767)**	**36.1%**
F	**Net financial position (D+E)**	**(15,966,016)**	**(4,431,663)**	**(11,534,353)**	**n.a.**

A detailed breakdown of net financial indebtedness calculated according to the provisions of Consob Communication DEM/6064293 of 28 July 2006 and in accordance with the ESMA/2013/319 recommendations for 2019 and 2018 is shown below.

		31.12.2019	31.12.2018	Δ	Δ%
A.	Cash	454	107	347	n.a.
B.	Positive bank balance	26,280,144	25,712,934	567,210	2.0%
C.	Securities held for trading	0	0	0	n.a.
D.	**Cash and cash equivalents (A)+(B)+(C)**	**26,280,598**	**25,713,041**	**567,557**	**2.2%**
E.	**Current financial receivables**	**10,957,755**	**19,436,234**	**-8,478,479**	**(43.6%)**
F.	Current bank payables	(2,994,020)	(9,310,959)	6,316,939	(67.8%)
G.	Current portion of non-current indebtedness	(10,895,220)	(9,980,346)	(914,874)	9.2%
H.	Other current financial payables	(18,328,094)	0	(18,328,094)	n.a.
I.	**Current financial indebtedness (F)+(G)+(H)**	**(32,217,334)**	**(34,162,670)**	**1,945,336**	**(5.7%)**
J.	**Net current financial indebtedness (I)+(E)+(D)**	**5,021,019**	**10,986,605**	**(5,965,586)**	**(54.3%)**
K.	Non-current bank payables	(20,926,421)	(15,418,268)	(5,508,153)	(35.7%)
L.	Bonds issued	0	0	0	n.a.
M.	Other non-current payables	(60,614)	0	(60,614)	n.a.
N.	**Net non-current financial indebtedness (K)+(L)+(M)**	**(20,987,035)**	**(15,418,268)**	**(5,568,767)**	**36.1%**
O.	**Net financial indebtedness (J)+(N)**	**(15,966,016)**	**(4,431,663)**	**(11,534,353)**	**n.a.**

With regard to the table above, note that:

- current financial receivables refer entirely to receivables due from subsidiaries in the form of entries relating to centralised treasury operations and the short-term portion of an intercompany loan;
- Euro 2,994 thousand of current payables refer to current payables to the banking system, of which Euro 85 thousand for drawdowns of short-term credit facilities in the form of bank advances, Euro 2,868 thousand for drawdowns of short-term credit facilities in the form of accounts payable to suppliers and short-term loans, Euro 40 thousand to interest accrued and not collected at 31 December 2019
- Euro 10,895 million relates entirely to the portion of existing medium to long-term loans maturing in the following year;
- payables for current rights of use refer entirely to lease liabilities, resulting from the application of IFRS 16 from 1 January 2019;
- other current financial payables refer entirely to payables to subsidiaries due to centralised treasury activities;
- non-current bank payables corresponding to Euro 20,926 thousand refer to the portion of existing loans that is due beyond the next financial year totalling Euro 20,838 thousand, net of the negative impact of the application of the *amortising cost* and of the valuation of two derivatives totalling around Euro 88 thousand.
- payables for current rights of use refer entirely to lease liabilities, resulting from the application of IFRS 16 from 1 January 2019.

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)	**31.12.2018**	**Cash Flow**[2]	**Non-monetary flows**				**31.12.2019**
			Change in Scope of Consolidation[3]	**Exchange rate differences**	**IFRS 16 impact**	**Other changes**	
Non-current financial indebtedness	(15,418,268)	(5,508,153)			(60,614)		(20,987,035)
Current financial indebtedness	(34,162,670)	(7,990,497)			(64,167)	10,000,000	(32,217,334)
Current financial receivables	19,436,234	(9,251,156)				772,677	10,957,755
Net liabilities resulting from financing activities	**(30,144,704)**	**(22,749,806)**			**(124,781)**	**10,772,677**	**(42,246,614)**
Cash and cash equivalents	25,713,041	567,557					26,280,598
Net financial indebtedness	**(4,431,663)**	**(23,317,363)**			**(124,781)**	**10,772,677**	**(15,966,016)**

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

Note 22.

Trade payables

Trade payables

	Balance at 31.12.2019	Balance at 31.12.2018
Trade payables	549,771	528,490
Payables to Group Companies	1,718,875	1,404,011
Payables to other Related Parties	38,992	23,737
TOTAL	**2,307,638**	**1,956,238**

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.

Note 23.

Short-term risk provisions

	Balance at 31.12.2018	Reclassifications	Allocations	Releases	Balance at 31.12.2019
Short-term risk provisions	0	2,822,000	1,759,730	(328,000)	4,253,730
TOTAL	**0**	**2,822,000**	**1,759,730**	**(328,000)**	**4,253,730**

Short-term risk provisions of Euro 4,254 thousand relate 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.

Note 24.

Tax payables

Tax payables

	Balance at 31.12.2019	Balance at 31.12.2018
IRES tax payables	1,022,166	361,046
TOTAL	**1,022,166**	**361,046**

At 31 December 2019, the Company's debt towards the Tax Authorities for current taxes relating to IRES was Euro 1,022 thousand, as the advance payments made in the year under analysis have already been deducted.

Note 25.

Other liabilities and payables

Other liabilities and payables

	Balance at 31.12.2019	Balance at 31.12.2018
Social security and welfare payables	172,515	162,919
Payables to employees	198,623	195,446
Payables for VAT and withholding tax	108,005	103,176
Accrued expenses and deferred income	21,034	25,218
Other payables	6,145,275	6,499,402
TOTAL	**6,645,452**	**6,986,161**

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 portion of leave and permitted absences accrued but not used at 31 December 2019.

Other payables totalling Euro 6,145 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 656 thousand, other payables of Euro 450 thousand relating to variable bonuses to be paid on achievement of the three-year objectives established in the 2017-2019 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 26.

Operating revenue

Operating revenue

	FY 2019	FY 2018
Revenue from Group Companies	4,489,523	4,581,544
TOTAL	**4,489,523**	**4,581,544**

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 that for all of the main types of revenue, the accounting methods, shown below,
have not changed following the application from 1 January 2018 of international accounting standard IFRS 15 (Revenue from Contracts with Customers).

Note 27.

Other revenue and income

Other revenue and income

	FY 2019	FY 2018
Other revenue and income	638,580	995,272
Other revenue from Group Companies	820,851	1,237,994
TOTAL	**1,459,431**	**2,233,266**

Other 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 28.

Raw materials and consumables

Cost of raw materials and consumables

	FY 2019	FY 2018
Purchase of raw materials and consumables	762	1,696
TOTAL	**762**	**1,696**

This item mainly contains costs related to the purchase of consumables.

Note 29.

Service costs

Service costs

	FY 2019	FY 2018
Outsourced and consulting services	40,645	48,154
Remuneration of directors and statutory auditors	2,422,603	2,508,323
Marketing costs	105,597	133,618
Cleaning, surveillance and other general services	654,328	808,442
Maintenance and support services	18,984	18,366
Utilities and telephone charges	15,498	26,784
Consulting - administrative services	2,297,141	2,854,428
Other services (chargebacks, commissions, etc.)	10,911	11,356
Bank and factoring charges	187,518	193,809
Insurance	91,928	108,419
Rental and leasing	42,012	77,759
Cost of services provided by Subsidiaries	2,019,175	1,909,307
Cost of services provided by other Related Parties	89,956	154,970
TOTAL	**7,996,296**	**8,853,735**

Service costs amount to Euro 7,996 thousand compared to Euro 8,854 thousand last year.

Fees paid to directors and statutory auditors amounted to Euro 2,423 thousand, of which Euro 60 thousand refers to Statutory Auditors and Euro 2,363 thousand to Directors.

The latter includes Euro 433 thousand for annual bonuses and a provision of Euro 822 thousand for long-term bonuses; for details refer to the table attached to paragraph 5.8.

Marketing costs amounting to Euro 106 thousand include costs for services relating to Investor Relations.

General services, amounting to Euro 654 thousand, was mostly comprised (Euro 545 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 2,297 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, and the allocation of Euro 687 thousand relating to provisions for bonuses, classified by nature, relating to the long-term bonus of key people.

The cost of services provided by Group companies, totalling Euro 2,019 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 Consulting and T.I.P. (refer to paragraph 5.4).

Note 30.

Personnel costs

Personnel costs

	FY 2019	FY 2018
Wages and salaries	2,668,492	2,613,226
Social security contributions	722,096	762,111
Post-employment benefits	162,720	162,110
Other personnel costs	135,738	40,503
TOTAL	**3,689,046**	**3,577,950**

Personnel costs, amounting to Euro 3,689 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, as well as accruals of additional month's salaries, holiday leave accrued and not taken at 31 December 2019 and paid absence, as well as the provision for company bonuses of Euro 250 thousand (included in Wages and salaries).

Note 31.

Other operating costs

Other operating costs

	FY 2019	FY 2018
Other operating costs	201,604	330,381
TOTAL	**201,604**	**330,381**

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 32.

Amortisation and depreciation

Amortisation and depreciation

	FY 2019	FY 2018
Depreciation of property, plant and equipment	1,181	1,514
Amortisation of intangible assets	3,750	3,667
Amortisation of Rights of use	55,600	0
TOTAL	**60,531**	**5,181**

Amortisation and depreciation are calculated according to the deterioration of assets and recognised as a reduction of the value of the individual assets.

Note 33.

Impairment loss on current assets

Impairment loss on current assets

	FY 2019	FY 2018
Impairment loss on current assets	50,000	0
TOTAL	50,000	**0**

In the year under analysis, an allocation to the bad debt provision of Euro 50 thousand relating to the dispute with Bassilichi was retained necessary.

Note 34.

Financial income, Financial expense, Write-downs of financial assets

Financial management income and expense

	FY 2019	FY 2018
Financial income	10,772,677	7,674,508
Financial expense	(445,845)	(423,645)
Write-down of financial assets	0	(738,329)
Gains (Losses) on foreign currency transactions	(150)	0
TOTAL	**10,326,682**	**6,512,534**

The breakdown of financial income and expense is shown below.

Breakdown of financial interest and income

	FY 2019	FY 2018
Interest income from current bank accounts and arrears interest	5,263	3,923
Financial income and Dividends from Group Companies	10,767,414	7,670,585
TOTAL	**10,772,677**	**7,674,508**

Breakdown of financial interest and expense

	FY 2019	FY 2018
Interest expense on current bank accounts	19,122	47,022
Interest expense on factoring and advances on invoices	3,580	10,561
Interest expense on loans	414,690	357,761
Other financial expense	8,453	3,669
Financial expense from Group Companies	0	4,632
TOTAL	**445,845**	**423,645**

The financial income from Group companies refers to dividends distributed, in 2019, by the subsidiaries and financial income from subsidiaries of Euro 767 thousand.

Note 35.

Current and deferred taxes

Current and deferred taxes

	FY 2019	FY 2018
Current taxes	1,938,119	3,272,005
Adjustments of IRES taxes for previous years	(71,071)	(66,242)
Deferred tax assets and liabilities	(940,141)	(2,036,076)
TOTAL	**926,907**	**1,169,687**

Current taxes in 2019 refers to credit for IRES pertinent to the Parent Company resulting from the adjustments related to the Tax Consolidation scheme of Euro 1,938 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 989 thousand is due to the transfer of the tax losses for the year to consolidated results, Euro 949 thousand refers to the transfer of previous tax losses.

Note that adjustments of IRES taxes of previous years regard alignments of the calculation of current IRES made at the time of preparation of the Company's tax return and of the national tax consolidation declaration. Deferred tax assets refer to the use of deferred tax assets of Euro 940 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 tax burden

(Amounts in EUR)

Description	Amount	Taxes
Profit (loss) before tax	**4,277,397**	
Theoretical tax burden (%)	**24%**	**1,026,575**
Temporary differences deductible in future years:		
Services not completed at 31.12.2019	183,740	
Allocations (non-deductible) to provisions for future risks and charges	1,255,583	
Company bonuses	250,000	
Allocation to bad debt provision	23,570	
Temporary differences deductible in future years:	**1,712,893**	**411,094**
Reversal of temporary differences from previous years:		
Services not completed at 31.12.2019	(650,007)	
Utilisation of other provisions for future risks and charges	(716,256)	
Reversal of temporary differences from previous years:	**(1,366,263)**	
Differences that will not be reversed in future years:		
Wholly or partially non-deductible costs	1,401,045	
Permanent decreases	(**10,145,648**)	
Differences that will not be reversed in future years:	**(8,744,603)**	**(2,098,705)**
- Taxable income	**(4,120,576)**	**(988,938)**
Indemnity for tax losses		**1,938,119**
Adjustments on previous years' taxes		**(71,071)**
Current IRES on income for the year		**1,867,047**
- Taxable income for IRAP purposes	**(4,944,644)**	
Current IRAP on income for the year		**0**
Total current taxes for the year		**1,867,047**

The effective rate of the theoretical tax burden of 4.22% is based on the distribution of the value of production by single region.

The nature of deferred tax assets is mainly broken down in the table below:

	FY 2018		**FY 2019**	
	Temporary difference	**Tax**	**Temporary difference**	**Tax**
Previous tax losses	4,265	1,024	0	0
Remuneration of directors	650	156	184	44
Allocation to provisions for future risks and charges	780	187	2,036	489
Bad debt provision	716	172	24	6
Payables due to personnel for accruals	0	0	250	60
TOTAL	**6,411**	**1,539**	**2,493**	**598**

The nature of deferred tax liabilities is mainly broken down in the table below:

	FY 2018		FY 2019	
	Temporary difference	**Tax**	**Temporary difference**	**Tax**
Goodwill	10,170	2,931	10,170	2,931
TOTAL	**10,170**	**2,931**	**10,170**	**2,931**

Furthermore, note that in 2019, part of the taxable income accrued under the tax consolidation scheme was offset by zeroing previous tax losses recognised under the Company consolidation scheme in previous years.

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 36 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 2019, the company has guarantees made to third parties to guarantee property rental contracts, or to meet the requirements of public tenders totalling Euro 379 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 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 2019) 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 2019 are: T.I.P. Tamburi Investment Partners S.p.A and Ir Top Consulting S.r.l..

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

The figures at 31 December 2019 for related party transactions are shown below.

Receivables and payables with related parties at 31 December 2019

	Receivables			*Payables*		
	Trade receivables	**Other receivables**	**Financial receivables**	**Trade payables**	**Other payables**	**Financial payables**
Be Consulting S.p.A.	2,810,957	14,160,586	0	1,219,242	0	8,752,305
Be Solutions S.p.A.	1,766,433	580,668	5,288,131	499,058	0	0
Iquii S.r.l.	0	269,977	698,007	0	0	0
Juniper Srl	0	95,866	249,726	0	0	0
Tesla Consulting Srl	0	0	0	0	0	499,389
Be Poland	0	0	0	0	0	1,384,700
Paystrat SL	0	0	437,038	0	0	0
i-Be Ltd-Italian Branch	0	420,882	0	0	0	5,050,646
i Be Think Solve Execute Ltd	0	0	3,239,989	575	0	0
Targit GmbH Wien	0	0	677,850	0	0	0
Be TSE Switzerland	0	0	0	0	0	2,399
Be Think, Solve Execute GmbH	0	0	1,278,025	0	0	924,500
Fimas GmbH	0	0	8,898	0	0	0
Be Shaping The Future AG	0	0	0	0	0	1,649,988
Be Think Solve Execute Ro S.r.l.	22,000	0	0	0	0	0
Be Ukraine	18,600	0	0	0	0	0
Total Group Companies	**4,617,990**	**15,527,979**	**11,877,664**	**1,718,875**	**0**	**18,263,927**
T.I.P. S.p.A.	0	0	0	33,450	0	0
Ir Top Consulting S.r.l.	0	0	0	5,542	0	0
Total Other Related Parties	**0**	**0**	**0**	**38,992**	**0**	**0**
TOTAL	**4,617,990**	**15,527,979**	**11,877,664**	**1,757,867**	**0**	**18,263,927**

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 S.r.l.	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**

Revenue and costs with related parties in 2019

	Revenue			*Costs*		
	Revenue	**Other revenue**	**Financial income**	**Services**	**Other Costs / All. to Provisions**	**Financial expense**
Be Consulting S.p.A.	2,723,058	144,871	71,051	1,410,736	0	0
Be Solutions S.p.A.	1,766,465	501,158	265,671	557,393	0	0
Iquii S.r.l.	0	13,523	15,062	36,571	0	0
Juniper Srl	0	12,053	1,291	0	0	0
Tesla Consulting Srl	0	33	0	13,900	0	0
Be Poland	0	4,307	0	0	0	0
Paystrat SL	0	0	21,122	0	0	0
i-Be Ltd-Italian Branch	0	15,000	776	0	0	0
i Be Think Solve Execute Ltd	0	0	95,621	575	0	0
Targit GmbH Wien	0	0	80,376	0	0	0
Be Think, Solve Execute GmbH	0	4,307	56,207	0	0	0
Fimas GmbH	0	0	9,357	0	0	0
Be Think Solve Execute Ro S.r.l.	0	50,000	0	0	0	0
Be Ukraine	0	75,600	0	0	0	0
Be Sport LTD	0	0	150,881	0	0	0
Total Group Companies	**4,489,523**	**820,852**	**767,415**	**2,019,175**	**0**	**0**
T.I.P. S.p.A.	0	0	0	60,000	0	0
Ir Top Consulting S.r.l.	0	0	0	33,456	0	0
Total Other Related Parties	**0**	**0**	**0**	**93,456**	**0**	**0**
TOTAL	**4,489,523**	**820,852**	**767,415**	**2,112,631**	**0**	**0**

Revenue and costs with related parties in 2018

	Revenue			*Costs*		
	Revenue	**Other revenue**	**Financial income**	**Services**	**Other Costs / All. to Provisions**	**Financial expense**
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 S.r.l.	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**

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 2019, 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 2019 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	**2019**	**Absolute value**	**%**	**2018**	**Absolute value**	**%**
Financial receivables and other non-current financial assets	920	*920*	100%	0	*0*	0
Trade receivables	5,093	*4,618*	91%	4,262	*3,737*	88%
Other assets and receivables	15,852	*15,528*	98%	12,396	*12,147*	98%
Financial receivables and other current financial assets	10,958	*10,958*	100%	19,436	*19,436*	100%
Financial payables and other financial liabilities	32,153	*18,264*	57%	49,581	*14,831*	30%
Trade payables	2,308	*1,758*	76%	1,956	*1,428*	73%
INCOME STATEMENT	**2019**	**Absolute value**	**%**	**2018**	**Absolute value**	**%**
Revenue	4,490	*4,490*	100%	4,581	*4,581*	100%
Other operating revenue	1,459	*821*	56%	2,233	*1,238*	55%
Service costs	7,996	*2,113*	26%	8,854	2,064	23%
Financial income/(expense)	10,773	*767*	7%	6,513	*172*	(3%)

The statement of financial position and the income statement below indicate related parties, in accordance with Consob Resolution 15519 of 27 July 2006.

Statement of Financial Position

Amounts in EUR	31.12.2019	of which related parties	31.12.2018	of which related parties
NON-CURRENT ASSETS				
Property, plant and equipment	1,344	0	2,623	0
Rights of use	124,816	0	0	0
Goodwill	10,170,000	0	10,170,000	0
Intangible Assets	4,083	0	6,833	0
Equity investments in subsidiaries	43,248,964	0	34,198,964	0
Financial receivables and other non-current financial assets	919,908	919,908	0	0
Loans and other non-current assets	712,222	0	562,222	0
Deferred tax assets	722,354	0	1,643,605	0
Total non-current assets	**55,903,691**	**919,908**	**46,584,247**	**0**
CURRENT ASSETS				
Trade receivables	5,093,053	4,617,990	4,262,269	3,737,207
Other assets and receivables	15,852,003	15,527,979	12,396,572	12,146,557
Direct tax receivables	46,673	0	46,673	0
Financial receivables and other current financial assets	10,957,755	10,957,756	19,436,234	19,436,234
Cash and cash equivalents	26,280,598	0	25,713,041	0
Total current assets	**58,230,082**	**31,103,725**	**61,854,789**	**35,319,998**
Total discontinued operations			**0**	**0**
TOTAL ASSETS	**114,133,773**	**32,023,633**	**108,439,036**	**35,319,998**
SHAREHOLDERS' EQUITY				
Share capital	27,109,165	0	27,109,165	0
Reserves	10,686,282	0	14,203,800	0
Net profit (loss)	5,204,304	0	1,728,089	0
TOTAL SHAREHOLDERS' EQUITY	**42,999,751**	**0**	**43,041,054**	**0**
NON-CURRENT LIABILITIES				
Financial payables and other non-current financial liabilities	20,926,421	0	15,418,268	0
Financial liabilities for non-current rights of use	60,614	0	0	0
Provisions for future risks and charges	36,078	0	2,858,078	0
Post-employment benefits (TFR)	177,374	0	168,305	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	**24,687,703**	**0**	**21,931,867**	**0**
CURRENT LIABILITIES				
Financial payables and other current financial liabilities	32,153,167	18,263,927	34,162,670	14,830,783
Financial liabilities for current rights of use	64,167	0	0	0
Trade payables	2,307,638	1,757,867	1,956,238	1,427,748
Provision for current risks	4,253,730	0	0	0
Tax payables	1,022,166	0	361,046	0
Other liabilities and payables	6,645,452	0	6,986,161	0
Total Current liabilities	**46,446,320**	**20,021,794**	**43,466,115**	**16,258,531**
Total discontinued operations	0	**0**	0	**0**
TOTAL LIABILITIES	**71,134,023**	**20,021,794**	**65,397,982**	**16,258,531**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**114,133,773**	**0**	**108,439,036**	**0**

Income Statement

Amounts in EUR	FY 2019	of which related parties	of which non-recurring income (charges)	FY 2018	of which related parties	of which non-recurring income (charges)
Operating revenue	4,489,523	4,489,523	0	4,581,544	4,581,544	0
Other revenue and income	1,459,431	820,852	0	2,233,266	1,237,994	0
Total Operating revenue	**5,948,953**	**5,310,375**	**0**	**6,814,810**	**5,819,538**	**0**
Raw materials and consumables	(762)	0	0	(1,696)	0	0
Service costs	(7,996,296)	(2,112,631)	0	(8,853,735)	(2,064,277)	0
Personnel costs	(3,689,046)	0	0	(3,577,950)	0	0
Other operating costs	(201,604)	0	0	(330,381)	0	0
Amortisation and depreciation, provisions and write-downs:						
Depreciation of Property, Plant and Equipment	(1,181)	0	0	(1,514)	0	0
Amortisation of Intangible Assets	(3,750)	0	0	(3,667)	0	0
Amortisation of Rights of Use	(55,600)	0	0	0	0	0
Impairment loss on current assets	(50,000)	0	0	0	0	0
Total Operating Costs	**(11,998,239)**	**(2,112,631)**	**0**	**(12,768,943)**	**(2,064,277)**	**0**
Operating profit (loss) (EBIT)	**(6,049,285)**	**3,197,744**	**0**	**(5,954,133)**	**3,755,261**	**0**
Financial income	10,772,677	767,415	0	7,674,508	570,585	0
Financial expense	(445,995)	0	0	(423,645)	(4,632)	0
Write-down of financial assets	0	0	0	(738,329)	(738,329)	0
Total Financial Income/Expense	**10,326,682**	**767,415**	**0**	**6,512,534**	**(172,376)**	**0**
Profit (loss) before tax	**4,277,397**	**3,965,159**	**0**	**558,401**	**3,582,885**	**0**
Current income taxes	1,867,047	0	0	3,205,764	0	0
Deferred tax assets and liabilities	(940,141)	0	0	(2,036,076)	0	0
Total income taxes	**926,907**	**0**	**0**	**1,169,688**	**0**	**0**
Net profit (loss) from continuing operations	**5,204,304**	**3,965,159**	**0**	**1,728,089**	**3,582,885**	**0**
Net profit (loss) from discontinued operations	0	**0**	**0**	**0**	**0**	**0**
Net profit (loss)	**5,204,304**	**3,965,159**	**0**	**1,728,089**	**3,582,885**	**0**

Statement of Cash Flows

Amounts in EUR	2019	of which related parties	2018	of which related parties
Net profit (loss)	**5,204,304**		**1,728,089**	0
Amortisation and depreciation	60,531		5,181	0
Non-monetary changes in post-employment benefits (TFR)	8,139		2,229	0
Net financial income in the income statement	(10,326,682)		(6,512,534)	(172,376)
Taxes for the year	(1,867,047)		(3,205,764)	0
Deferred tax assets and liabilities	940,141		2,036,076	0
Provisions and write-downs	1,809,730		1,590,000	0
Release of bad debt provisions	(328,000)		(506,597)	0
Other non-monetary changes	(54,549)		(51,399)	0
Cash flow from operating activities	**(4,553,433)**		**(4,914,719)**	**(172,376)**
Change in trade receivables	(880,784)	880,784	405,723	156,726
Change in trade payables	351,400	330,119	927,916	776,753
Use of bad debt provisions	0		(5,000)	0
Other changes in current assets and liabilities	(723,117)	3,381,421	(919,225)	3,900,570
Income taxes paid	(508,495)		(150,251)	0
Post-employment benefits (TFR) paid	(6,000)		(3,360)	0
Other changes in non-current assets and liabilities	(167,229)		(16,233)	0
Change in net working capital	**(1,934,225)**	**4,592,324**	**239,570**	**4,520,597**
Cash flow from (used in) operating activities	**(6,487,658)**	**4,592,324**	**(4,675,149)**	**4,348,221**
(Purchase) of property, plant and equipment net of disposals	98		0	0
(Purchase) of intangible assets net of disposals	(1,000)		(9,500)	0
Cash flow from (used in) investing activities	**(902)**		**(9,500)**	**0**
Change in current financial assets	9,251,156	(8,478,479)	5,911,092	(3,479,545)
Change in current financial liabilities	7,990,497	18,263,927	11,648,022	(16,013,550)
Change in non-current financial assets	(919,908)	919,908	0	0
Change in non-current financial liabilities	5,508,153		3,397,709	
Repayments of lease liabilities	(55,635)		0	0
Financial expense paid	(482,356)	0	(379,380)	4,632
Cash paid to purchase own shares	(2,289,790)		(2,365,955)	0
Cash paid to purchase equity investment	(9,050,000)		0	0
Distribution of dividends paid to Company Shareholders	(2,896,000)		(2,697,945)	0
Cash flow from (used in) financing activities	**7,056,117**	**10,705,356**	**15,513,543**	**(19,488,463)**
Cash flow from (used in) discontinued operations	0		**0**	**0**
Cash and cash equivalents	**567,557**		**10,828,894**	**0**
Net cash and cash equivalents - opening balance	25,713,041		14,884,147	0
Net cash and cash equivalents - closing balance	26,280,598		25,713,041	0
Net increase (decrease) in cash and cash equivalents	**567,557**		**10,828,894**	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 hedges in place, applicable to existing loans at 31 December 2019 would result in a pre-tax expense of Euro 80 thousand for the year.

- **Additional information on financial instruments and risk management policies**

  The following tables provide, separately for the two years compared, the additional information required by IFRS 7 in order to assess the relevance of financial instruments with relation to the equity and financial situation of the Group and its profit (loss) for the year.

  Categories of financial assets and liabilities

  The breakdown of the book value of financial assets and liabilities into the categories envisaged by accounting standard IFRS 9 is shown below.

Amounts in EUR thousands	**Financial assets for derivative instruments**	**Financial assets at amortised cost**	**Financial assets FVOCI**	**Book value**	**Notes to the financial statements**
OTHER FINANCIAL ASSETS	**0**	**919,908**	**43,248,964**	**44,168,872**	
Equity investments			43,248,964	43,248,964	*5*
Other receivables and financial assets		0		0	
Financial receivables (portion beyond 12 months) - Intercompany		919,908		919,908	*6*
Financial receivables (portion beyond 12 months)		0		0	
TRADE RECEIVABLES	**0**	**5,093,053**	**0**	**5,093,053**	
Receivables due from customers		475,063		475,063	*9*
Intercompany receivables		4,617,990		4,617,990	*9*
OTHER CURRENT RECEIVABLES/ASSETS	**0**	**0**	**0**	**0**	
CURRENT FINANCIAL ASSETS	**0**	**10,957,755**	**0**	**10,957,755**	
Financial receivables and other current financial assets		0		0	
Current financial receivables and other financial assets - Intercompany		10,957,755		10,957,755	*12*
Securities and financial assets		0		0	
CASH AND CASH EQUIVALENTS	**0**	**26,280,598**	**0**	**26,280,598**	
Cash and cash equivalents		26,280,598		26,280,598	*13*
TOTAL FINANCIAL ASSETS	**0**	**43,251,314**	**43,248,964**	**86,500,278**	

Financial assets at 31.12.2019

Financial liabilities at 31.12.2019

Amounts in EUR thousands	Financial liabilities for derivative instruments	Financial liabilities at amortised cost	Book value	Notes to the financial statements
FINANCIAL PAYABLES AND OTHER NON-CURRENT LIABILITIES	**(167,978)**	**(20,819,057)**	**(20,987,035)**	
Financial payables and other non-current financial liabilities		(20,758,443)	(20,758,443)	*15*
Financial payables and other non-current financial liabilities - Intercompany		0	0	
Hedge derivatives	(167,978)		(167,978)	*15*
Financial liabilities for non-current rights of use		(60,614)	(60,614)	*16*
Other financial liabilities		0	0	
CURRENT LIABILITIES	**(1,280)**	**(34,523,691)**	**(34,524,971)**	
Financial payables and other current financial liabilities		(13,887,959)	(13,887,959)	*21*
Financial payables and other current financial liabilities - Intercompany		(18,263,927)	(18,263,927)	*21*
Hedge derivatives	(1,280)		(1,280)	*21*
Trade payables		(652,930)	(652,930)	*22*
Trade payables - Intercompany		(1,615,716)	(1,615,716)	*22*
Payables to related parties		(38,992)	(38,992)	*22*
Financial liabilities for current rights of use		(64,167)	(64,167)	*16*
OTHER FINANCIAL LIABILITIES	**0**	**0**	**0**	
Other financial liabilities		0	0	
Financial payables to related parties		0	0	
TOTAL FINANCIAL LIABILITIES	**(169,258)**	**(55,342,748)**	**(55,512,006)**	

Amounts in EUR thousands	Financial assets for derivative instruments	Financial assets at amortised cost	Financial assets FVOCI	Book value	Notes to the financial statements
OTHER FINANCIAL ASSETS	**0**	**0**	**34,198,964**	**34,198,964**	
Equity investments			34,198,964	34,198,964	*5*
Other receivables and financial assets		0		0	
Financial receivables (portion beyond 12 months) - Intercompany		0		0	*6*
Financial receivables (portion beyond 12 months)		0		0	
TRADE RECEIVABLES	**0**	**4,262,269**	**0**	**4,262,269**	
Receivables due from customers		525,062		525,062	*9*
Intercompany receivables		3,737,207		3,737,207	*9*
OTHER CURRENT RECEIVABLES/ASSETS	**0**	**0**	**0**	**0**	
CURRENT FINANCIAL ASSETS	**0**	**19,436,234**	**0**	**19,436,234**	
Financial receivables and other current financial assets		0		0	
Current financial receivables and other financial assets - Intercompany		19,436,234		19,436,234	*12*
Securities and financial assets		0		0	
CASH AND CASH EQUIVALENTS	**0**	**25,713,041**	**0**	**25,713,041**	
Cash and cash equivalents		25,713,041		25,713,041	*13*
TOTAL FINANCIAL ASSETS	**0**	**49,411,544**	**34,198,964**	**83,610,508**	

Financial assets at 31.12.2018

Financial liabilities at 31.12.2018

Amounts in EUR thousands	**Financial liabilities for derivative instruments**	**Financial liabilities at amortised cost**	**Book value**	**Notes to the financial statements**
FINANCIAL PAYABLES AND OTHER NON-CURRENT LIABILITIES	**(97,482)**	**(15,320,786)**	**(15,418,268)**	
Financial payables and other non-current financial liabilities		(15,320,786)	(15,320,786)	*15*
Financial payables and other non-current financial liabilities - Intercompany		0	0	
Hedge derivatives	(97,482)		(97,482)	*15*
Financial liabilities for non-current rights of use		0	0	
Other financial liabilities		0	0	
CURRENT LIABILITIES	**0**	**(36,118,908)**	**(36,118,908)**	
Financial payables and other current financial liabilities		(19,331,887)	(19,331,887)	*21*
Financial payables and other current financial liabilities - Intercompany		(14,830,783)	(14,830,783)	*21*
Hedge derivatives		0	0	
Trade payables		(528,490)	(528,490)	*22*
Trade payables - Intercompany		(1,404,011)	(1,404,011)	*22*
Payables to related parties		(23,737)	(23,737)	*22*
Financial liabilities for current rights of use		0	0	*16*
OTHER FINANCIAL LIABILITIES	**0**	**0**	**0**	
Other financial liabilities		0	0	
Financial payables to related parties		0	0	
TOTAL FINANCIAL LIABILITIES	**(97,482)**	**(51,439,694)**	**(51,537,176)**	

Note that the fair value of derivative instruments refer to the measurement techniques described previously.

The following table shows the classification of the financial assets and liabilities recognised in the financial statements at fair value, based on the nature of the financial parameters used to determine the fair value, using the hierarchy envisaged by the standard:

- level I: quoted prices for identical instruments in active markets;
- level II: variables other than quoted prices in active markets that are observable either directly (as in the case of prices) or indirectly (namely price derivatives);
- level III: variables that are not based on observable market values.

Financial statement items at 31 December 2019	Book value	Level I	Level II	Level III	Total fair value	Notes to the financial statements
Equity investments			**0**	**43,248,964**	**43,248,964**	*5*
Hedge derivatives on equity instruments	**0**	**0**	**0**	**0**	**0**	
- Put					0	
- Call					0	
Derivatives designated for cash flow hedges	**(169,258)**	**0**	**(169,258)**	**0**	**(169,258)**	
- Forward contracts					0	
- IRS on rates contracted on Unicredit loan	(80,889)		(80,889)		(80,889)	*15-21*
- IRS on rates contracted on BPM loan of Euro 7 million	(1,280)		(1,280)		(1,280)	*15-21*
- IRS on rates contracted on BPM loan of Euro 10 million	(87,089)		(87,089)		(87,089)	*15-21*

Financial statement items at 31 December 2018	Book value	Level I	Level II	Level III	Total fair value	Notes to the financial statements
Equity investments			**0**	**34,198,964**	**34,198,964**	*5*
Hedge derivatives on equity instruments	**0**	**0**	**0**	**0**	**0**	
- Put					0	
- Call					0	
Derivatives designated for cash flow hedges	**(97,482)**	**0**	**(97,482)**	**0**	**(97,482)**	
- Forward contracts					0	
- IRS on rates contracted on Unicredit loan					0	
- IRS on rates contracted on BPM loan of Euro 7 million	(11,429)		(11,429)		(11,429)	*15-21*
- IRS on rates contracted on BPM loan of Euro 10 million	(86,053)		(86,053)		(86,053)	*15-21*

5.6 Positions deriving from atypical or unusual transactions

In 2019, 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	148,888
Total fees	**148,888**

The fees due to the Independent auditors in 2019 totalled Euro 149 thousand (Euro 121 thousand last year), of which Euro 20 thousand refer to the limited audit of the "Non-financial statement at 31.12.2019".

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 thousand						*Bonuses/Incentives*	
Stefano Achermann	Chief Executive Officer	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	1,000.00(1)		1,604.03	2,604.03
Carlo Achermann	Executive Chairman	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	600.00(2)		1,023.62	1,623.62
Claudio Berretti	Non-Executive Director	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	20.00			20.00
Cristina Spagna	Non-Executive Director Independent Director	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	20.00	10.00(4)		30.00
Davide Dattoli	Non-Executive Director Independent Director	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	20.00			20.00
Gianluca Antonio Ferrari	Non-Executive Director Independent Director	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	20.00			20.00
Paola Annunziata Lucia Tagliavini	Non-Executive Director Independent Director	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	20.00	10.00(3)		30.00
Anna Lambiase	Non-Executive Director	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	20.00			20.00
Claudio Calabi	Non-Executive Director Independent Director	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2019	20.00			20.00
Giuseppe Leoni	Chairman of the Board of Statutory Auditors	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2020	22.50			22.50
Stefano De Angelis	Standing Auditor	01/01/2019 - 31/12/2019	Approval of Financial statements at 31/12/2020	15.00			15.00
Rosita Francesca Natta	Standing Auditor	01/01/2019 - 31/12/2019	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*

(5) *of which Euro 295,000.00 is the 2019 Bonus and Euro 1.277 million is the medium-term Bonus for 2017-2019*

(6) *of which Euro 185,000.00 is the 2019 Bonus and Euro 798,000.00 is the medium-term Bonus for 2017-2019*

6. Events after the reporting period at 31 December 2019

From January 2020, the national and international scenario has been characterised by the spread of Covid-19 and by the consequent restrictive measures for its containment, set in place by the public authorities of the countries in question. These circumstances, which are extraordinary by nature and extension, are having direct and indirect repercussions on economic activity, creating a context of general uncertainty, whose evolution and relative effects are still not fully predictable.

More specifically, given the particular nature of the Be Group's reference market – just large Financial Institutions - and the current visibility as regards the progression of the Covid-19 Pandemic, it is expected to have a limited impact in the first half of the year. All of the major Financial institutions have accelerated their strategies to switch to digital and our Group is seeking to offer our full support to all of its customers.

A more complete opinion as to the expected performance of the market will be issued at the end of the first six-month period. At present, there are no grounds for not confirming our estimates as regards the objectives for 2020, and more generally, those of the whole 2020-2022 Business Plan.

In operational terms, in line with the provisions of the Prime Ministerial Decree of 9 March 2020, the majority of the company has adopted a smart-working approach, and the capacity of the technological equipment to support remote operations has been boosted. Business continuity is guaranteed everywhere. Nearshoring sites have been activated, for any potential requirements, at the competency centres in Poland and Romania, although at present there is no need whatsoever to transfer business activities there. Be is also in constant contact with the Authorities and health facilities to monitor the evolution of the measures needed to contain the pandemic. The health of its customers and employees is its top priority.

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

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

Statement of equity investments of directors, statutory auditors and general managers

Name and Surname	Position	Company	No. of shares held at 31.12.2018	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2019
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 of the 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 2020.

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

Certification of 2019 Financial Statements pursuant to art. 81-ter, Consob Regulation 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 2019.

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 2020.

/signed/ Manuela Mascarini

Executive in charge of preparing
the company's accounting documents

Manuela Mascarini

/signed/ Stefano Achermann
Chief Executive Officer

Stefano Achermann