

# Interim report on operations as at 30 September 2017



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## Corporate Bodies

### Board of Directors

#### Chairman and Chief Executive Officer

Domenico Favuzzi

#### Directors

Dante Altomare (Vice-President)

Angela Stefania Bergantino (2)

Eugenio Di Sciascio (2)

Filippo Giannelli

Marina Lalli (2)

Alessandro Laterza (3)

Valeria Savelli (1)

Gianfranco Viesti (2)

### Board of Statutory Auditors

#### Chairman

Ignazio Pellecchia

#### Standing Auditors

Anna Lucia Muserra

Gaetano Samarelli

#### Independent Auditors

PricewaterhouseCoopers S.p.A.

(1) Directors not vested with operating powers

(2) Independent directors pursuant to the Corporate Governance Code of the Corporate Governance Committee

(3) Lead Independent Director

# **Directors' Report as at 30 September 2017**

## Significant Group Figures and Result Indicators

The following table summarises the main consolidated economic, capital and financial data of the Group:

	30.09.2017	30.09.2017	31.12.2016
Total production revenues	114,803,816	101,728,362	141,782,617
net proceeds and variation to work in progress to order	111,674,438	98,429,816	137,250,144
increase to assets for internal work	1,905,495	1,308,388	1,927,238
other proceeds and contributions	1,223,883	1,990,158	2,605,235
Difference between costs and production proceeds (EBITDA)	5,823,399	8,312,999	12,797,488
% on production proceeds	5.1%	8.2%	9.0%
Net operating result (EBIT)	2,236,310	4,903,318	7,793,050
% on production proceeds	1.9%	4.8%	5.5%
Net result	(1,335,891)	2,076,739	2,838,069
Group net equity	73,355,486	73,829,525	74,744,188
Total assets	209,449,714	206,143,807	206,228,144
Capital stock	25,154,899	25,252,359	25,154,899
Net working capital (1)	25,130,226	33,062,294	29,442,972
Cash flow (2)	1,999,331	6,094,500	9,284,104
Fixed capital (3)	103,602,211	102,575,693	102,810,040
Investment	4,594,909	12,942,698	13,641,013
Cash resources/bonds (a)	17,567,890	12,217,525	20,399,886
Short-term financial debts (b)	(28,902,860)	(24,827,852)	(29,003,855)
Medium-/long-term financial debts (c)	(24,984,785)	(28,408,513)	(27,184,505)
Net financial position (4)	(36,319,757)	(41,018,840)	(35,788,474)

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

The table below shows the main economic indicators of the Group as at 30 September 2017, compared with the same period of the previous year.

For the calculation of ROE and ROI, it was considered appropriate to use an annual "rolling" approach by taking as a reference the net profit and operating income from 1 October 2016-30 September 2017, for the data as at 30 September 2017 and 1 October 2015-30 September 2016 for the figures at 30 September 2016.

Exprivia Group	30/09/2017	30/09/2016
Index ROE (Net income / Equity Group)	-0.78%	6.47%
Index ROI (EBIT / Net Capital Invested) <b>(5)</b>	4.64%	7.58%
Index ROS (EBIT / Revenues from sales and services, net of changes in inventories of raw materials and finished products))	2.00%	4.98%
Financial charges <b>(6)</b> / Net profit	-2.052	0.956

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

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

The table below shows the main capital and financial indicators of the Group as at 30 September 2017 and 31 December 2016.

Exprivia Group	30/09/2017	31/12/2016
Net Financial Debt / Equity Capital	0.50	0.48
Debt ratio (Total Liabilities / Equity Capital)	2.86	2.76

## Summary of the operations in the third quarter of 2017

A summary of the main consolidated economic data of the Group is reported below, as emerging from the situation as at 30 September 2017, compared with the same period of the previous year.

It should be noted that the profit at 30 September 2017 is subject to an extraordinary tax charge deriving from the resolution of a dispute related to events occurring in the three year period 2004-2006 concerning the subsidiary Exprivia Enterprise Consulting Srl. EBITDA, EBIT and EBT were rectified with the cancellation of all related effects. The above company decided to accept a facilitated resolution procedure for tax disputes, pursuant to Art. 11 of Legislative Decree no. 50 of 24 April 2017, conv. with law no. 96 of 21 June 2017, in order to definitively close the litigation. All costs related to this resolution procedure were recognised in the Financial Statements of the subsidiary in the amount of Euro 4.2 million, in addition to 700 thousand already allocated in 2016 and interest expense for Euro 1 million.

Exprivia Group (value in K €)	30.09.2017	30.09.2017 adjusted	30.09.2016	Variations %	Variations % adjusted	Q3 2017	Q3 2017 adjusted	Q3 2016	Variations %	Variations % adjusted
Revenues	114,804	114,804	101,728	13%	13%	39,176	39,176	34,097	15%	15%
Net revenues	111,674	111,674	98,430	13%	13%	37,919	37,919	32,762	16%	16%
EBITDA	5,823	10,065	8,313	-30%	21%	906	3,795	4,265	-79%	-11%
EBIT	2,236	6,478	4,903	-54%	32%	(316)	2,573	2,975	-111%	-14%
Pre-tax result	(714)	4,530	2,803	-125%	62%	(1,522)	1,845	2,269	-167%	-19%
Result	(1,336)	2,690	2,077	-164%	30%	(1,201)	1,072	1,517	-179%	-29%

During the first nine months of the year, revenues posted double-digit growth and there was a healthy rise in profitability. Consolidated revenues amounted to Euro 114.8 million, up by 12.9% compared with the same period of 2016, EBITDA adjusted sales stood at 10.1 million, 8.8% of the revenue compared with 8.3 million in 2016.

In Italy, the Utilities, Energy and Public sectors showed a substantial growth, respectively +51.3% (including the performance of the Business Process Outsourcing orders, referring to the year), +20.0% and +11.4%. The Banking, Finance and Insurance sectors grew by +4.9%, Telco and Media by +4.5%. A very strong +80% performance was reported by the Defence and Aerospace sectors which included the contribution from ACS, a company acquired in July 2016. The performance of the Industry and Healthcare sectors was substantially in line with the previous year; the latter mitigates, in the third quarter, the decline recorded in the first half of the year due to a delay in the assignment of important orders.

Exprivia Group (value in K €)	30.06.2017	31.12.2016
Group Net Worth	73,355	74,744
Net Financial Position	(36,320)	(35,788)

The net financial position was Euro -36.3 million, compared to Euro -35.8 million as at 31 December 2016.



## Exprivia

**Future. Perfect. Simple.**

### **An international business to enable digital transformation processes**

Exprivia is an international business, now composed of around 1,800 professionals, able to activate digital transformation processes through solutions involving the entire value chain.

Exprivia sets itself apart for its reliability in managing complex projects through the connection and integration of vertical and horizontal skills, and for its capacity to create simple solutions to be utilised and updated, as they are based on constant research and innovation activities.

Listed on the stock exchange's MTA STAR segment (XPR) since 2000, Exprivia works alongside its customers in the following markets: Banking&Finance, Telco&Media, Energy&Utilities, Aerospace&Defence, Manufacturing&Distribution, Healthcare and Public Sector.



## The founding concepts of our vision

### Future

The future is the point towards which we orient ourselves in defining scenarios, paths and goals for ourselves and our customers.

### Perfect

Perfect is the level we commit to reaching in designing innovative and efficient digital solutions for every sector.

### Simple

Being simple is the fundamental requirement of all of our systems, which are designed to improve people's lives by making information available and usable.

### Connection

This is what makes us innovators. It is the capacity to identify unexpected solutions by connecting our skills.

It is the ability to imagine the future by directly combining what we know in the present: technology with customer needs, the world of research with that of business, the city with its residents.

### Reliability

For us this is a constant practise that leads us to seek out perfection in everything we do, to always guarantee that we will meet our commitments in every situation, to consider effectiveness and efficiency to be the indispensable requirements of all of the products and services we offer.

### Simplicity

For us, this means concealing the complexity of technology behind a sleek user experience, making innovation and the digital transformation accessible to businesses and the public through a project of extreme streamlining which aims for simple solutions.



## Industries

### A winning offer in every market

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



## Banking & Finance

### Digital progress and financial technique: the binomial of the future

The financial market is experiencing a radical business model transformation. The need to always offer new services that can be used at any time using any device requires the development of increasingly innovative and efficient IT solutions and services.

Thanks to the skills accrued in more than 25 years of partnerships with the top credit and insurance institutions in Italy and abroad, we have the specialisation and experience to fully meet customer needs through tailor-made and omnichannel digital solutions: from creditworthiness assessments to monitoring, from capital markets to factoring, from data value to customer experience.



## Telco & Media

### Skills and technologies for network virtualisation

In the Telco & Media market, technological innovation proceeds at the same pace as the need to expand the availability of value-added services while remaining competitive. We offer operators and builders in the telecommunications sector extremely high-level technological competencies to allow them to manage the digital transformation, reducing their operating costs with innovative solutions.

Exprivia is the ideal partner for the Service Providers that find the solution for being agile, efficient and customer centric in the virtualisation of networks and applications. Indeed, virtualisation meets every customer need with dedicated services commensurate with real business requirements, but especially supported by innovative technological skills meeting the most recent standards.

The quality of the services provided enables the customer to transfer a better customer experience to its users, enabling individual needs to be satisfied, also through customer loyalty policies



## Energy & Utilities

### The technology that optimises energy

The energy & utilities sector is rapidly evolving to adjust to infrastructure technological upgrading processes, the development of new services and the entry into force of new directives on safety, energy efficiency and environmental and consumer protection, which are having a considerable impact on both supply and demand.

In this regard, we offer our customers specific solutions for the development and management of transversal and characteristic processes that aim to ensure greater operational efficiency, high performance and elevated customer service quality to energy, water, environmental and public utility sector businesses. Systems based on technologies like the cloud, XaaS, CRM, big data analytics and business intelligence, IoT, digital channels, social networking, e-mobility and enterprise application governance which place users at the very heart of processes, providing them with increasing autonomy and awareness.



## Aerospace & Defence

### Military defence, civil safety and digital technology

The recent geopolitical events require an immediate response from the civil and military aeronautical, naval and terrestrial sectors in the adoption of safety systems in which the technological component plays an increasingly crucial role to guarantee the safety of people, places, machinery and IT systems.

Even more urgent is IT support for taking strategic decisions in critical situations for the implementation of preventive measures based on scenario monitoring and controls.

We offer the sector a real benefit by enabling the analysis of complex heterogeneous information (images, video, data, text, symbols, voice, sound) generated by a multitude of wearable, fixed and mobile sensors on flights, in navigation, in orbit, in vehicles and in drones.

In particular, we develop systems for command and control, surveillance, cartographic representation, processing of geographical maps and rapid prototyping of land-based, naval and aerial consoles which, also thanks to augmented reality techniques, the wealth of georeferenced information and social collaboration, offer the utmost interaction with scenarios that are increasingly faithful to reality.



## Manufacturing & Distribution

### Towards the new industrial revolution

The future of industrial processes follows a digital path. The common thread of the various enabling technologies that are changing how we design, create and distribute products by automatically organising and managing an enormous quantity of information in real time.

The fourth industrial revolution is in full swing and very soon will see completely controlled, interconnected and automated production through technological evolution.

Industry 4.0 defines this change through a panorama that is still evolving, but already has precise lines of development coinciding with the knowledge and skills we possess: the use of data and connectivity, analytics and machine learning, human/machine interaction and interaction between reality and the digital realm.

We have taken advantage of this extraordinary opportunity by dedicating ourselves to bringing newfound energy to the entire industrial process with our digital solutions and completely automating the management of huge quantities of information in a simple, streamlined and efficient manner.



## Healthcare

### Innovative solutions for individual health and efficient administration

Building a healthcare system that unites savings and efficiency, which takes care of people even before treating them, which eliminates waste and reduces waiting times. With these main objectives, we act as the ideal partner for a healthcare system striving towards a future of excellence.

Our technological solutions applied to the healthcare system make it possible to connect all of the disparate pieces of the entire Regional Healthcare System, from the administrative and management centres of public and private hospitals within the entire supply chain, to individual professionals and online services for users, ensuring the utmost optimisation of every single resource.

A team of 350 specialists, 30 years of presence in the IT sector and solutions and services in 500 healthcare facilities for 20 million patients confirm the effectiveness of our responses to the needs of the healthcare industry, which are fundamental for the economy and development of every region.



## Public Sector

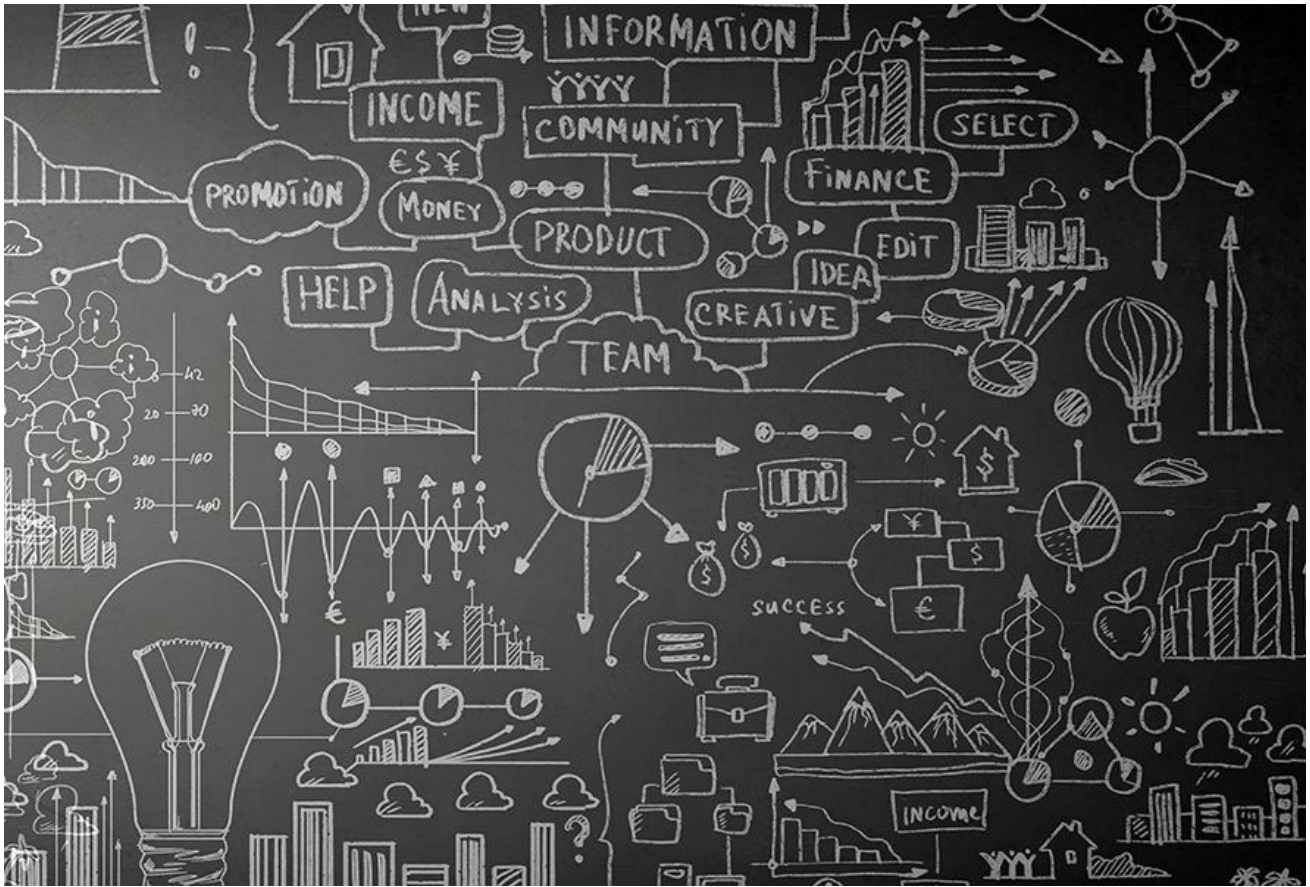
### PA digitalisation: the first step towards a reinvigorated country

Some time ago the Public Administration launched a modernisation process based on principles such as innovation, simplicity and reliability to support businesses, residents, public employees and the state itself. Bureaucratic streamlining through the digitalised management of the PA - along with organisational renewal activities - now allows for the reconciliation of spending optimisation with service quality, as it provides users with multiple rapid and effective communication channels that connect residents with public institutions and provide the latter with a series of worry-free and completely secure tools for completing administrative procedures.

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

- products and services for management;
- eGovernment and eProcurement solutions;
- storage and sharing of electronic documents;
- planning and control through business intelligence platforms and business analytics;
- performance measurement in PA processes;
- solutions to support administrative processes (SOA paradigm);
- single point of access for the exchange of information between the entity, residents and businesses;
- system integration for 24/7 operational continuity and automatic repairs.



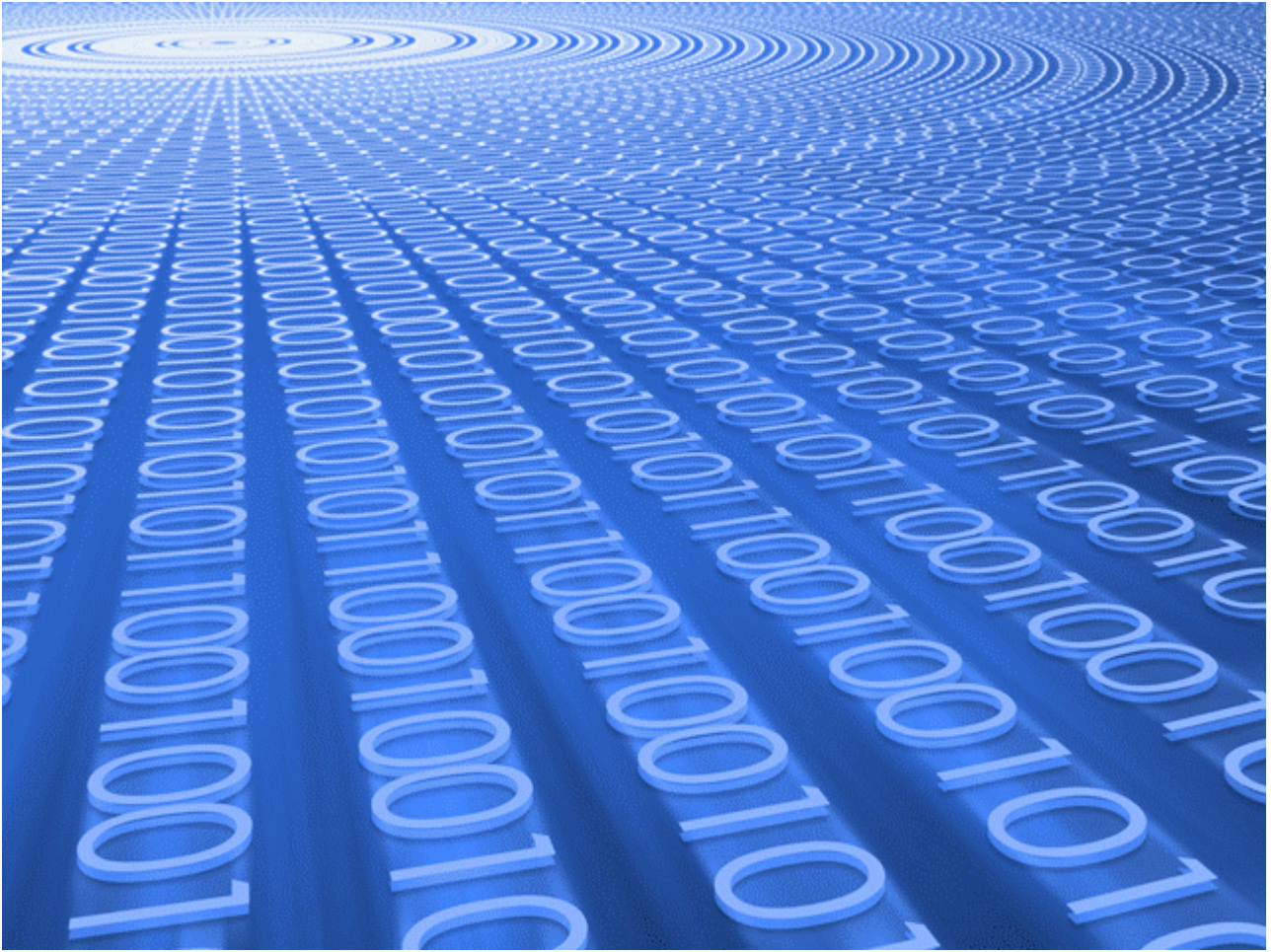


## Innovation Lab

### Innovation to explore and construct new business opportunities

Innovation Lab is the load-bearing structure of the research, development and integration of Exprivia technologies. A hotbed open to sharing experience and knowledge with the world of academics and research, which has led to the activation of various projects with the main Universities of Apulia (Polytechnic and University of Bari, University of Salento), of Milan (Polytechnic of Milan) and of Rome (La Sapienza), with CNR and with Cefriel, with which it has specifically launched a commercial partnership programme to promote “technological frontier” projects.

Innovation Lab identifies and adapts innovation opportunities to the company’s business model, coordinates projects which exploit public contributions, creates innovative technologies and solutions to be transferred to company production areas and enriches the company’s wealth of knowledge, contributing to creating new distinctive competencies.



## Expertise

### To build the future, we always need to keep it present

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

Here are some of our most significant skills.



## Big Data & Analytics

### Managing data to dominate the markets

Before, there were products and services. Today, an increasing number of companies acquire, transform and provide data. And it is precisely around data that the digital transformation creates new business opportunities in areas regarding customer knowledge and customer experience, the generation of statistics and analyses, the creation of agile and flexible architectures and solutions and the 24/7 availability of security and customer care services.

We offer all of the very latest tools for supporting both the decision-making processes and ordinary activities based on the possession of information. Our Big Data & Analytics area is dedicated to developing projects, services and solutions aimed at the strategic use of big data for increasing business.

The assimilation and processing of unstructured data, which, once duly reorganised, become a precious source of information for creating new value for companies, play a particularly important role in the Big Data process.



## Cloud

### The revolution among the clouds

The advent of cloud computing has completely revolutionised how we acquire, implement and execute IT services.

Through the web, users can access network resources, memory, processes, services and applications which can be requested, supplied and released quickly with minimal effort and secure interaction with the supplier.

Our cloud services are based on four fundamental models:

### Public Cloud

The Public Cloud is characterised by computing power, memory and application services according to individual needs with scalable solutions adaptable to small, medium-sized and large businesses.

### Private Cloud

Creating a Private Cloud means providing the range of services, solutions and computational capacity functional to a large organisation, distributed across the area and under continuous evolution, on a single platform.

### Hybrid Cloud

The third model is a mix of Public and Private clouds to give the organisation greater dynamism, overcoming the limits through the open Cloud potential and minimising the loss of the guarantee of absolute security that only the physically isolated Cloud offers.

### Community Cloud

With the Community Cloud, the business shares IT platforms with other nearby organisations to strengthen the scope and common model for the provision of services and the development of new service classes.





## IoT

### The immediate future of things

Today, the web has an object complement: it is called, IoT, or the Internet of Things. The challenge that it intends to meet is to equip commonly used items with the ability to interact with the environment and automatically modify their functioning by sending and receiving data via the net. By the year 2020, 20 billion devices will be connected to the Internet and the fields of interaction will increasingly include industrial production processes, logistics, infomobility, energy efficiency, remote assistance and environmental protection. IoT is therefore capable of having a positive effect on the very idea of business, work, study, health and life.

For some time now we have been committed to developing IoT solutions capable of radically changing our way of living, working, learning and having fun. Exprivia has undertaken a series of projects that concern home automation, robotics, avionics, biomedical devices, monitoring in industry, telemetry, wireless networks of sensors, supervision, detection of adverse events and much more.



## IT Security

### Total data and system security

Security is becoming an increasingly crucial factor for the credibility of institutions and businesses, which are continuously seeking out new security technology instruments and solutions that can protect them from operational risks, attempted fraud, data theft, information leaks and so on and so forth.

We have the experience and technological skill required to act as a “global” partner for security, capable of working alongside the customer with flexible deliveries ranging from consulting to integration and the management of dedicated services, through operational centres to meet security needs at strategic, technological and operational level. The organisation of company security covers three fundamental areas, i.e., governance procedures, infrastructure and operations, and four levels of operational security: Prevention, Monitoring, Response and Governance Risk & Management.



## Mobile

### Tomorrow within reach

The rapid transition from first-generation mobile phones to new mobile terminals which are increasingly efficient and polyfunctional has literally upended the world of mobile communications in just a few decades, and with it consumer habits, opening up possible interaction scenarios which until now had been unimaginable.

Companies have taken part in this trend to seek out new channels for promotion, communications and sales and expand the confines of smart working, so as to make relationships with their resources easier and more efficient through a precise multichannel strategy which, from a BYOD (Bring Your Own Device) perspective, skilfully overlaps times, places and instruments shared between work and personal lives.

We offer companies and entities the possibility to reap the greatest benefit from latest generation mobile technologies by including them within a broader multichannel strategy which encompasses Mobile Device Management for business devices, Mobile Payment in the various commerce and services sectors, Mobile Health and Mobile Application Development in the areas of health, finance and security.



## SAP

### **More digital efficiency. Superior company efficacy. Greater market presence**

With a strategic partnership that has lasted for more than 20 years, today, we are one of the main reference players in the SAP world in Italy and abroad. With a team of more than 400 professionals specialised in ERP and Extended ERP solutions, including more than 300 certified resources distributed across Italy and overseas, we seek out excellence in the creation of the most innovative solutions for our customers' business processes by taking action throughout the value chain: from analysis to consulting, from implementation to Application and System Management services, also using proprietary vertical solutions.

Our main areas of intervention are: Administration, Finance and Control, Operation & Logistics, Business Analytics and Human Capital Management.



## Business Process Outsourcing

### **When outsourcing means optimising**

The outsourcing of entire processes is a trend undergoing continuous growth within companies, which are attracted on one hand by the possibility of concentrating on their core business and on the other hand by the significant reduction in operating costs. To offer BPO services specific skills, strategies and professionals who can understand the needs of the customer company and are ready to be partners in change are required.

With the knowledge we have gained working alongside so many important companies, we support and sustain company evolution by taking responsibility for the delicate procedures of end user acquisition, management and retention. The offering ranges from back office outsourcing services relating to typically internal functions such as human resources, accounting and information technology, to front office outsourcing services like customer care and customer service.

All BPO services provided to customers are governed by service performance and quality indicators (Service Level Agreements and Key Performance Indicators).



## Corporate Social Responsibility

We believe that sustainability is an indispensable value for the company, its stakeholders and future generations, which takes the form of respecting people, the environment and society as a whole.

A large, solid orange shape with wavy, organic edges that spans across the middle of the page, creating a background for the title text.

# **Performance of Exprivia Group Results**

## Performance of Exprivia Group Results

The Exprivia Group revenues, at 30 September 2017, stood at Euro 114.8 million, up by 12.9%, thanks, partially, to the orders related to BPO and the revenues from ACS; EBITDA, which showed 5.8 million versus the 8.3 million of the previous year, was affected by the presence of an extraordinary item related to the resolution of a tax dispute involving the subsidiary Exprivia Enterprise Consulting. Without this item, EBITDA would have stood at Euro 10.1 million, up by 21.1%.

The third quarter of 2017 was characterised by a strong 14.9% increase in revenues, from Euro 34.1 million in 2016 to Euro 39.2 million this year. The growth was due to an increase recorded by the core Italian business and the orders related to BPO. The data of the quarter are negatively impacted by the above extraordinary item attributed to Exprivia Enterprise Consulting, with a negative effect of Euro 2.9 million on EBITDA which closed at Euro 0.9 million versus Euro 4.3 million in the third quarter of 2016. Without this extraordinary item, the resulting profit would have been Euro 3.8 million. The volumes of the foreign companies declined, although their profitability was up.

## Banking & Finance

The Finance market ended the third quarter of 2017 with a 12.1% increase compared with the same period of 2016, with a growth rate up to 4.9% at 30 September compared with the same figure at 30 September 2016.

In a market that is increasingly affected by legal requirements, by corporate restructuring (like those of the Veneto banks), by a constant reduction in costs and attempts to recover lost profits by expanding the range of services to customers, Exprivia has acted in line with the plans, seizing the opportunities offered in some supply lines, but registering also some slowdowns in some of the development lines.

An element that characterised the quarter was the integration of the business unit of ESIET VAS, operating in the sectors of IT consulting and system services for banks and financial companies. In addition to expanding the supply within the Capital market sector, the ability to provide infrastructural, high added-value services for customers was expanded.

In the Finance sector, the revenue increase is to be attributed to the component ex Esiet VAS. For the remainder, it should be noted that functional and regulatory components of this supply continue to be highly appreciated by the market, as shown by the opportunities seized during the quarter and by the pipeline of the 4th quarter.

Within the Credit & Risk Management area, the third quarter grew by 8.4%, especially for the service item (own licenses decreased in fact by 15%). In particular, management was involved in key projects, within the Risk Management area, by the reference customers of this business area.

Within the Digital Transformation sector, Big Data Analytics and Customer Experience, revenues decreased by 14.2%. The quarter was characterised by a lower resale of HW and SW (which recorded, as at 30 September, a 63% increase compared with the first nine months of 2016), and by a decrease in the service item attributable to a slowdown in investments by some customers in light of the occurrence of unpredicted changes in the reference context.

The Factoring area showed a 16% decline, although in line with the budget. The decrease, as already reported in previous quarters, was due primarily to the new Customers/Contracts structure which was stabilised at the end of March.



## Energy & Utilities

The increase in the global demand for energy and an increasingly developing economic scenario are generating new challenges and new opportunities for the Energy market.

Natural gas, together with the growing use of energy from renewable sources, is expected to have a persistently important role in the new global energy structure due to: its abundant worldwide reserves, stability and competitiveness of prices, as well as transport (also in LNG form) and usage flexibility.

Today, natural gas represents about 21% of the global consumption of primary energy and by 2040, its weight will be up to 24% (source: International Energy Agency of Paris).

The expected investments in Italy in renewable sources of energy, related to the 2017-2020 period, stood between Euro 29.8 and 34.4 billion, with an average yearly turnover between 7.5 and 8.6 billion, versus Euro 6.13 billion in investments last year.

Exprivia recorded in this market, for the first nine months of the year, a strong growth. This result is attributable to the definitive entry into full operation of the contracts acquired in the third quarter of 2016 and is related to major digital transformation initiatives for some operators in the energy market in Italy, in which Exprivia is involved. In particular, the share of revenues increased from logistics supply chain optimisation projects for Energy sector companies.

Corporate projects in the area of Administration, Finance and Control and projects for the improvement of processes in the area of Procurement and HCM also provided a strong boost to growth. Revenues in the area of Portals and Web Applications also grew, linked to some important initiatives to improve the Digital Customer Experience and the development of new digital communication strategies in the retail sector. In the course of 2017, the Group has consolidated its transversal supply in the area of Business Process Management & Integration and Analytics, acquiring important projects and thus further consolidating its competitive positioning. Lastly, in the first 6 months of 2017 several projects were launched with significantly innovative content, especially in the area of workplace safety.

As regards the Utilities market, an on-going process of transformation of the market is under way aiming at research on energy efficiency, supply digitalisation, development of local and intelligent networks, electrification of developing countries and energy storage. Managing these new businesses requires innovative skills, financial resources and, hence, an appropriate size. Exprivia is mirroring all of these features: it is present with the main customers of the reference market and is constantly seeking to acquire new customers.

The third quarter results showed, compared with the same period of the previous year, an increase in gross revenue of 1.6 million.

In general, the market is under great pressure regarding the hottest topics of the moment: BIG Data, Analytics, AI/Cognitive (chatbot, marketing, etc.) in all their forms and applications.

From a functional perspective, great attention is being given to the topics of electrical mobility, OPEN API, IoT and Block Chain issues.

**BPO (Business Process Outsourcing)** is specialised in Customer Care, both front office and back office. In the first half of 2017, revenues were up significantly, also thanks to new contracts launched and the relative investments made.

## Retail & Manufacturing

Already starting in 2016, the Retail & Manufacturing market saw a strong recovery in demand; in this market Exprivia's offer is based on the SAP platform as well as Business Intelligence. As at 30 September, an increase in turnover should be noted.

The industry segment is interpreting the signs of an economic recovery with confidence, by including investments in digital transformation projects in the budget and beginning important technological innovation initiatives. Customers were provided with design and application management services for on-premise or in-cloud applications, as part of more traditional offers such as those relating to ERP, HCM and highly innovative issues, like CRM solutions for after sales processes.

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

The experience acquired in the area of mobility and analytics on the SAP Hana platform is of great importance for growth prospects and, thanks to the investments made, has positioned us among the leaders on the Italian market.

## Telco & Media

Revenues from the Telco & Media market in the first 9 months of 2017 increased by 5.6% compared with the same period of last year, showing a decisive 14% increase in the third quarter compared with the same period of the previous year.

The communication market in Italy continues to be characterised by a considerably low Average Revenues Per Unit. At the same time, the digitalisation process of the country and the availability of innovative technologies require an expansion and update of the network infrastructure and a simplification of the IT processes and systems to be managed.

Consistent with the key trends of investments in the Italian reference market, the company has acquired new contracts mainly in the design of mobile access networks of the new generation and fibre optic access networks, as well as in the development of new IT systems supporting the design and operations of the new network technologies.

## Healthcare

Again in the third quarter of 2017 the trend of demand concentrating at regional and central level rather than at individual entity level continued, with the announcement of tenders for supplies and services with the regional government or the greater districts of the same regions as recipients.

Within this context, the Group's revenue from this market showed a slight decrease compared with the same period of the previous year, especially because of a delayed start-up of the work regarding orders that have been already acquired but not contracted, following appeals whose favourable outcome was reached, for one of them, during the quarter.

To correct this negative trend and pending the launch or consolidation of work for contracts in the portfolio, efforts have been concentrated on the development of the customer base, primarily in the private sector, and the extension of major contracts already acquired.

Activities continued in the development of the private market through a proposal of cloud solutions, and in the promotion of telemedicine solutions, which, also through the development of a partnership with the main operators of the sector, may give substantial returns in the coming periods.

## Public Sector

The **Public Administration** market saw, in the first nine months of 2017, a strong recovery in revenue attributable primarily to trends in the Central Public Administration, where several contracts signed in early 2017 are starting to be carried out, which see Exprivia engaged in significant digital transformation projects.

For the Local Public Administration, there was a substantial continuity of activities for contracts in the portfolio.

The overall landscape is not particularly bright, although there has been a slight recovery in the reference market. The publication by AGID (Agency for Digital Italy) of the Three-Year Plan for PA IT should constitute the framework within which new digital transformation projects will be developed, which are expected to represent a real trend reversal for the entire market.

The **Local Public Administration** is instead going through a phase of radical change due to the increasingly greater drive towards the centralisation of IT skills as well as continuous Spending Review policies. The expected investments linked to Smart Cities, which could represent an occasion for the re-launch of this market, have not yet been seen.

The overall view still features many low points, despite the fact that the recent Assinform Report on the Public Administration finally pointed to a weak trend reversal in Public Administration IT spending, compared to the decline seen over the last 5-6 years. The publication of the new Tender Code has not yet favoured acceleration in investments; rather, in this initial phase it led to a sharp decline in tenders published.

## Aerospace & Defence

The Aerospace and Defence market recorded, at 30 September 2017, a strong increase in revenues due primarily to the effect of the contribution from the new investment in ACS Srl, consolidated starting from 1 July 2016. ACS Srl is an innovative company, present in the market for more than twenty years, which develops ground stations for the reception and processing of satellite data, a sector where it now occupies a leading global position. Over the years, ACS has expanded its offering by taking advantage of the opportunities provided by the wide availability of Earth Observation data and the development of new technologies for studying the Earth.

This performance is aligned with a market situation that continues to be slowed by reorganisations and the significant attention paid to the reduction in expenditures by the sector's main entities and industries. In 2017, Exprivia consolidated its position as the supplier of preference with a framework agreement executed with the main customer in the Defence sector and has started a new stable partnership with the entity in charge of the operating efficiency of the systems for the control of air traffic in Italy.



## International business

Exprivia's activities in non-Italian markets have registered a drop in revenues in 2017. This decrease is mainly concentrated in Spain, Mexico and Asia, whereas it has reported a growth in Brazil.

In **Spain**, where Exprivia was present through two subsidiaries, Profesionales de Sistemas Aplicaciones y Productos SL (ProSap) and Exprivia SL., their merger was completed in 2016 by combining the commercial and technical structures to strengthen the offer of ERP applications and SAP services for industry and the distribution of Business Intelligence solutions for the Healthcare sector.

In the first half of this year, the business lines were consolidated and the cost structure was rationalised and adapted to revenues. Activities are therefore concentrating on the improvement of the profitability on the one hand and on increase of the customer base on the other hand.

In **Central America**, where Exprivia operates directly through Prosap Mexico and Prosap Centroamerica (Guatemala), sales and delivery activities continued with major private and public companies operating in the infrastructure construction sector in Latin American countries. The Mexican company was also subject to economic-capital restructuring activities, whose effects were felt starting in the fourth quarter of 2016. The year 2017 witnessed a decisive improvement in profitability even if not yet fully satisfactory.

In **Brazil**, the revenues of the company Exprivia do Brasil Serviços de Informática Ltda showed a growth compared with the same period of the previous year, also due to the country's current macro-economic situation. Relations with the key customers in the IT Security area remain extremely strong and promise new developments. Based on these better conditions, some specific investments for expanding the customer base are being evaluated.

In **China**, with Exprivia IT Solutions (Shanghai) Co. Ltd, whose sole shareholder is Exprivia Asia Ltda in Hong Kong, Exprivia has developed its business in providing professional services in IT infrastructure and SAP. The first nine months of the year saw a contraction of revenues, and the customer base is still currently made up of Italian companies and institutions operating in China and European manufacturing industries.

## Significant events of the third quarter of 2017

### Corporate Events

There were no significant events worth noting.

### Acquisitions/Sales in the Exprivia Group

On **1 July 2017**, Exprivia Digital Financial Solution S.r.l. acquired the ESIET VAS S.r.l. business unit operating in the IT services and consulting market for banking and financial sector customers.

On **27 July 2017**, Exprivia SpA signed agreements legally binding all of the parties involved for the acquisition of control over Italtel S.p.A. with a share of 81% in the share capital; the transaction is expected to be completed by the end of December 2017.

On **31 July 2017**, the Extraordinary Shareholders' Meetings of Exprivia SpA and of the subsidiaries Exprivia Digital Financial Solution Srl, Exprivia Healthcare IT Srl and Exprivia Telco & Media Srl approved the project for the merger by incorporation of the three subsidiaries within the holding company. The Merger Project is published on the Company website in the section "Investor Relations – Shareholders and capital transactions".

## Events subsequent to 30 September 2017

### Corporate Events

There were no significant events worth noting.

### Acquisitions/Sales in the Exprivia Group

There were no significant events worth noting.

## Business Outlook

In the third quarter, a growth in volumes, as in the first two quarters of the year, was confirmed. In strategic markets such as Energy, Utilities and Aerospace the increase was in double digits.

The project for unifying the main subsidiaries with the parent company, aimed at simplifying the governance and obtaining greater synergies both in the sales and production areas, will be completed by the month of December.

The closing date for the acquisition of the control of Italtel, expected by the end of the year, is approaching.

During the last period, we have settled a tax dispute concerning events dating back to the three year period 2004-2006 and concerning the subsidiary Exprivia Enterprise Consulting Srl, as already described in detail above.

All of this is allowing us to look with confidence to the future and to the challenges that we will have to face; the implementation of a strategy that will leverage on the skills and characteristics of Exprivia and Italtel will enable us to acquire a strong and distinctive position.

## Personnel and Turnover

The tables show the company workforces as at 30 September 2017, compared with those at 30 September 2016. In particular, the first table (Table 1) shows the number of resources, around 24.12% of whom are part-time (with various arrangements of contractual working hours). The second table shows the number of full-time equivalent workers (on an annual basis) (Table 2):

**Table 1**

Company	Employees			Average employees			Temporary workers			Average temporary workers		
	30/09/2016	31/12/2016	30/09/2017	30/09/16	31/12/2016	30/09/2017	30/09/2016	31/12/2016	30/09/2017	30/09/2016	31/12/2016	30/09/2017
Exprivia SpA	669	659	690	676	673	675	2	2	1	2	2	2
Exprivia Healthcare IT Srl	328	325	331	331	330	327	-	-	-	-	-	-
Exprivia Enterprise Consulting Srl	132	123	110	141	138	115	1	1	0	1	1	1
Exprivia Digital Financial Solutions Srl	195	198	290	195	196	231	-	-	-	-	-	-
Exprivia Projects Srl	224	242	260	223	236	253	-	-	-	-	-	-
Exprivia Process Outsourcing Srl		236	257		236	255	-	-	-	-	-	-
Exprivia Telco & Media Srl	369	365	381	364	365	369	-	-	1	-	-	1
Advanced Computer Systems Srl	62	64	60	62	64	62	-	-	-	-	-	-
Exprivia IT Solutions Shanghai	19	14	12	19	18	12	1	1	1	1	1	1
Exprivia SLU (Spain)/Prosap SA de CV/Prosap Centroamerica SA	96	91	90	87	106	84	1	-	4	4	3	2
Exprivia do Brasil Servicos de Informatica Ltda	24	22	19	23	23	21	7	8	4	7	7	5
Spegea Scarl	7	7	7	7	7	7	1	1	-	1	1	-
<b>Total</b>	<b>2125</b>	<b>2346</b>	<b>2507</b>	<b>2128</b>	<b>2392</b>	<b>2411</b>	<b>13</b>	<b>13</b>	<b>11</b>	<b>16</b>	<b>15</b>	<b>11</b>
<i>Executives</i>	44	47	49	41	49	46						
<i>Middle Managers</i>	192	193	201	185	199	197						

**Table 2.**

Company	Employees			Temporary workers		
	30/09/2016	31/12/2016	30/09/2017	30/09/2016	31/12/2016	30/09/2017
Exprivia SpA	635	632	675	2	2	2
Exprivia Healthcare IT Srl	313	306	312	-	-	-
Exprivia Enterprise Consulting Srl	113	112	101	1	1	-
Exprivia Digital Financial Solutions Srl	190	187	285	-	-	-
Exprivia Projects Srl	149	138	164	-	-	-
Exprivia Process Outsourcing Srl	-	144	169	-	-	-
Exprivia Telco & Media Srl	368	364	377	-	-	1
Exprivia IT Solutions Shanghai	18	13	11	1	1	1
Advanced Computer Systems Srl	59	61	58	-	-	-
Exprivia SLU (Spain)/ProSap SA de CV/ProSap Centroamerica SA	96	91	88	1	-	4
Exprivia do Brasil Servicos de Informatica Ltda	24	22	19	7	8	4
Spegea Scarl	6	6	4	1	1	-
<b>Total</b>	<b>1971</b>	<b>2076</b>	<b>2263</b>	<b>13</b>	<b>13</b>	<b>12</b>
<i>Executives</i>	<i>36</i>	<i>47</i>	<i>49</i>			
<i>Middle Managers</i>	<i>178</i>	<i>192</i>	<i>195</i>			

As regards the FTE table (Table 2), resources subject to CIGO [ordinary wages guarantee fund]/CIGD [extraordinary wages guarantee fund]/absences due to long-term illnesses are excluded.

## Inter-company Relations

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

The Administration and Control Department centrally manages all Group companies.

The Finance Department handles financial activities at Group level.

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

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

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

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

The majority of the Italian Group companies adhere to tax consolidation based on a specific regulation and they are also party to a cash pooling relationship.

## Relations with related parties

In compliance with applicable legislative and regulatory provisions, and in particular with: (i) the "Regulations on transactions with affiliated parties – CONSOB resolution no. 17221 of 12 March 2010" as amended by resolution no. 17389 of 23 June 2010; (ii) the outcome of the subsequent "consultation" published by CONSOB on 24 September 2010; (iii) the CONSOB notice on guidelines for applying the regulations published on 24 September 2010; (iv) CONSOB notice no. 10094530 of 15 November 2010 with additional clarifications, on 27 November 2010 the Board of Directors of the Company adopted a "Procedure for Transactions with Related Parties", setting forth provisions concerning transactions with related parties in order to ensure the transparency and substantive and procedural correctness of operations with related parties carried out directly or through companies that are directly and/or indirectly controlled by Exprivia ("Exprivia Group").

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

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

## Group Relations with the Parent Company

The financial and equity relations between the Exprivia Group and the parent company Abaco Innovazione SpA as at 30 September 2017 compared to 30 September 2016 and 31 December 2016 are laid out below.

### Receivables

Description	30/09/2017	31/12/2016	Variation
Exprivia S.p.A.	2,656,372	3,066,588	(410,216)
<b>TOTAL</b>	<b>2,656,372</b>	<b>3,066,588</b>	<b>(410,216)</b>

The balance as at 30 September 2017 included Euro 2,596,910 relating to the receivable for an unsecured loan with no guarantees taken out in 2016 by the parent company Abaco Innovazione SpA, with Euro 1,680,000 disbursed in cash and Euro 1,305,338 as a reclassification of payables outstanding as at 31 December 2015. It also included Euro 59,462 for interest receivable accrued on the same loan.

### Costs

Description	30/09/2017	30/09/2016	Variation
Exprivia SpA	290,134	179,968	110,166
<b>TOTAL</b>	<b>290,134</b>	<b>179,968</b>	<b>110,166</b>

The balance as at 30 September 2017 refers to costs for the guarantee given by the parent company to obtain the Euro 25 million loan disbursed to Exprivia SpA by a pool of banks in April 2016.

### Revenue and Income

Description	30/09/2017	30/09/2016	Variation
Exprivia S.p.A.	64,024	52,378	11,646
<b>TOTAL</b>	<b>64,024</b>	<b>52,378</b>	<b>11,646</b>

The balance as at 30 September 2017 refers, for Euro 64,024, to interest on the loan granted to the parent company; it also includes charge-backs for administrative services (Euro 2,480).

## **Quarterly Consolidated Financial Statements of the Exprivia Group at 30 September 2017**



# Consolidated Statements at 30 September 2017

## Consolidated Balance Sheet

Amount in Euro

	Note	30.09.2017	31.12.2016
Land and buildings		13,384,426	13,869,992
Other assets		2,226,628	2,171,240
Property, plant and machinery		15,611,054	16,041,232
Goodwill		69,166,975	67,428,110
Goodwill and other assets with an indefinite useful life		69,166,975	67,428,110
Intangible assets		3,735,488	4,112,591
Research and development costs		7,903,950	4,188,397
Work in progress and advances			3,314,652
Other Intangible Assets		11,639,438	11,615,640
Investments in other companies		167,661	167,561
Shareholdings		167,661	167,561
Receivables to parent companies		2,196,440	2,596,910
Other receivables		216,557	209,659
Derivative financial instruments		34,568	34,568
Other financial assets		2,447,565	2,841,137
Other receivables		1,736,572	1,772,942
Other financial assets		1,736,572	1,772,942
Tax advances/deferred taxes		2,832,946	2,943,418
Deferred tax assets		2,832,946	2,943,418
<b>NON-CURRENT ASSETS</b>		<b>103,602,211</b>	<b>102,810,040</b>

## Amount in Euro

	Note	30.09.2017	31.12.2016
Trade receivables		59,584,565	59,422,457
Other receivables		9,351,219	9,527,989
Tax receivables		4,207,163	2,796,038
Trade receivables and other		73,142,947	71,746,484
Stock		1,086,371	1,019,248
Stock		1,086,371	1,019,248
Work in progress to order		19,063,729	15,652,180
Work in progress to order		19,063,729	15,652,180
Other receivables		1,007,636	1,572,833
Receivables from parent		459,932	469,678
Other Financial Assets		1,467,568	2,042,511
Current banks		10,597,945	12,455,496
Cheques and unrepresented effects		31,902	39,437
Cash resources		10,629,847	12,494,933
Shareholdings in subsidiaries		457,041	462,748
Assets classified as owned for sales and those included in aggregates for disposal		457,041	462,748
<b>CURRENT ASSETS</b>		<b>105,847,503</b>	<b>103,418,104</b>
<b>ASSETS</b>		<b>209,449,714</b>	<b>206,228,144</b>

## Amount in Euro

	Note	30.09.2017	31.12.2016
Share Capital		25,154,899	25,154,899
Share capital	1	25,154,899	25,154,899
Share premium		18,081,738	18,081,738
Share Premium Reserve	1	18,081,738	18,081,738
Revaluation reserve		2,907,138	2,907,138
Revaluation reserve	1	2,907,138	2,907,138
Legal reserve		3,931,382	3,931,382
Revaluation reserve	1	3,931,382	3,931,382
Other reserves		18,599,038	20,579,266
Other reserves	1	18,599,038	20,579,266
Retained earning/loss		6,938,506	2,246,057
Profits/Losses for previous periods	1	6,938,506	2,246,057
Profit/Loss for the period		(1,335,891)	2,838,069
<b>SHAREHOLDERS' EQUITY</b>		<b>74,276,811</b>	<b>75,738,549</b>
Minority interest		921,324	994,361
<b>GROUP SHAREHOLDERS' EQUITY</b>		<b>73,355,486</b>	<b>74,744,188</b>

## Amount in Euro

	Note	30.09.2017	31.12.2016
NON-CURRENT LIABILITIES			
Non-current bond		925,000	1,839,297
Non-current bond		925,000	1,839,297
Non-current bank debt		23,428,685	24,624,683
Non-current bank debt		23,428,685	24,624,683
Trade payables after the financial year		608,596	698,021
Payables to other lenders		10,000	10,000
Derivative financial instruments		12,503	12,503
Other financial liabilities		631,099	720,524
Non current tax liabilities		1,975,477	2,881,594
Non current tax liabilities		1,975,477	2,881,594
Amounts payable to pension and social security institutions		355,401	436,004
Other liabilities		556,650	
Other no current liabilities		912,051	436,004
Provision for risks and charges		291,104	1,068,718
Provision for risks and charges		291,104	1,068,718
Employee severance indemnities		10,489,872	10,403,774
Employee provisions		10,489,872	10,403,774
Provisions for deferred taxes		1,496,035	1,189,221
Deferred tax liabilities		1,496,035	1,189,221
<b>NON CURRENT LIABILITIES</b>		<b>40,149,323</b>	<b>43,163,815</b>

## Amount in Euro

	Note	30.09.2017	31.12.2016
Current bond		1,720,476	1,508,246
Current bond		1,720,476	1,508,246
Current bank debt		24,936,150	25,845,581
Current bank debt		24,936,150	25,845,581
Trade payables		22,616,613	18,816,906
Trade payables		22,616,613	18,816,906
Advances		3,111,170	3,394,884
Advances payment on work in progress contracts		3,111,170	3,394,884
Payables for equity investments			359,999
Other payables		2,015,994	925,172
Other financial liabilities		2,015,994	1,285,171
Tax liabilities		12,765,965	12,360,112
Tax liabilities		12,765,965	12,360,112
Payables to welfare and social security institutions		5,486,281	6,866,252
Other payables		22,370,932	17,248,628
Other current liabilities		27,857,213	24,114,880
<b>CURRENT LIABILITIES</b>		<b>95,023,581</b>	<b>87,325,780</b>
<b>TOTAL LIABILITIES</b>		<b>209,449,714</b>	<b>206,228,144</b>

## Consolidated Income Statement

Amount in Euro

	Note	Q3 2017	Q3 2016	30.09.2017	30.09.2016
Revenue from sales and services		37,747,090	32,851,133	111,613,768	98,601,907
Revenues	2	37,747,090	32,851,133	111,613,768	98,601,907
Other revenues and income		76,760	433,391	366,174	739,142
Grants related to income		563,215	338,181	857,709	1,251,016
Increase in capitalised expenses for intenal projects		616,326	563,030	1,905,495	1,308,388
Other income	3	1,256,301	1,334,602	3,129,378	3,298,546
Var. stock of products being processed, semi-finished items		172,151	(88,819)	60,670	(172,091)
Variation in stock of finished products and products being processed	4	172,151	(88,819)	60,670	(172,091)
<b>PRODUCTION REVENUES</b>		<b>39,175,542</b>	<b>34,096,916</b>	<b>114,803,816</b>	<b>101,728,362</b>
Costs of raw, subsid. & consumable mat. and goods	5	4,712,869	2,347,520	10,771,216	7,712,321
Salaries	6	23,944,842	21,197,639	74,343,527	67,196,800
Costs for services	7	5,641,240	4,931,602	16,211,857	14,644,612
Costs for leased assets	8	915,212	1,085,971	3,002,534	3,165,408
Sundry operating expenses	9	3,062,069	192,773	5,237,513	494,405
Provisions	10	(6,797)	76,732	(586,230)	201,817
<b>TOTAL PRODUCTION COSTS</b>		<b>38,269,435</b>	<b>29,832,237</b>	<b>108,980,417</b>	<b>93,415,363</b>
<b>DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES</b>		<b>906,107</b>	<b>4,264,679</b>	<b>5,823,399</b>	<b>8,312,999</b>

# Amount in Euro

	Note	Q3 2017	Q3 2016	30.09.2017	30.09.2016
Amortisation, depreciation and write-downs	11	1,222,198	1,289,214	3,587,088	3,409,681
<b>OPERATIVE RESULT</b>		<b>(316,091)</b>	<b>2,975,465</b>	<b>2,236,310</b>	<b>4,903,318</b>
Financial income and charges	12	(1,205,863)	(706,178)	(2,950,461)	(2,100,112)
<b>PRE-TAX RESULT</b>		<b>(1,521,954)</b>	<b>2,269,287</b>	<b>(714,152)</b>	<b>2,803,206</b>
Income tax	13	(320,846)	752,106	621,740	726,467
<b>PROFIT OR LOSS FOR THE PERIOD</b>	<b>14</b>	<b>(1,201,108)</b>	<b>1,517,181</b>	<b>(1,335,891)</b>	<b>2,076,739</b>
Attributable to:					
Shareholders of holding company		(1,205,129)	1,527,544	(1,365,940)	2,083,829
Minority interest		4,021	(10,362)	30,050	(7,090)
<b>Earnings per share losses</b>	<b>15</b>				
Basic earnings per share		(0.0282)	(0.0251)	(0.0033)	0.0426
Basic earnings diluted		(0.0282)	(0.0251)	(0.0033)	0.0426

## Consolidated Statement of Comprehensive Income

Amount in Euro			
Description	Note	30/09/2017	30/09/2016
<b>Profit for the year</b>		<b>(1,335,891)</b>	<b>2,076,739</b>
<i>Other gains (losses) total will not subsequently be reclassified in profit (loss)</i>			
Profit (loss) Actuarial effect of IAS 19		326,667	
Tax effect of changes		(78,401)	
<b>Total other comprehensive income (loss) will not subsequently be reclassified in profit (loss)</b>	<b>14</b>	<b>248,266</b>	<b>0</b>
<i>Other gains (losses) total that will be subsequently reclassified to profit (loss) for the period we</i>			
Change in translation reserve		(320,030)	155,669
Profit (loss) on cash flow hedge derivatives			(44,797)
<b>Total other comprehensive income (loss) that will subsequently be reclassified in profit (loss)</b>	<b>14</b>	<b>(320,030)</b>	<b>110,872</b>
<b>NET COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(1,407,655)</b>	<b>2,187,611</b>
<i>attributable to:</i>			
Group		(1,361,857)	2,059,771
Minority interest		(45,798)	127,840



# Statement of Changes in Consolidated Shareholders' Equity

Amount in Euro	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Legal Reserve	Other Reserves	Profits (Losses) brought forward	Profit (Loss) for the period	Total Net Worth	Minority Interests	Total Group Net Worth
<b>Balance at 01/01/2015</b>	<b>26,979,658</b>	<b>(569,389)</b>	<b>18,081,738</b>	<b>2,907,138</b>	<b>3,561,670</b>	<b>16,712,971</b>	<b>2,014,991</b>	<b>3,037,163</b>	<b>72,725,940</b>	<b>959,836</b>	<b>71,766,104</b>
Reclassification previous year's profit to previous year's profit					147,826	1,355,940	1,533,397	(3,037,163)	-		-
Dividend							(1,452,751)		(1,452,751)		(1,452,751)
Acquiring equity attributable third Prosap Group							(149,999)		(149,999)	(36,442)	(113,557)
Purchase of own shares		(656,253)				(349,879)			(1,006,132)		(1,006,132)
<b>Components of comprehensive income</b>											
Profit (loss) for the period								4,597,608	4,597,608	82,217	4,515,391
Effects of applying IAS 19						131,331			131,331	2,926	128,405
Translation reserve						(648,744)			(648,744)	(213,500)	(435,244)
<b>Total income (loss) for the year</b>									<b>4,080,195</b>	<b>(128,356)</b>	<b>4,208,550</b>
<b>Overall</b>											
<b>Balance at 31/12/2015</b>	<b>26,979,658</b>	<b>(1,225,642)</b>	<b>18,081,738</b>	<b>2,907,138</b>	<b>3,709,496</b>	<b>17,201,619</b>	<b>1,945,640</b>	<b>4,597,608</b>	<b>74,197,255</b>	<b>795,038</b>	<b>73,402,218</b>
Reclassification previous year's profit to previous year's profit					221,886	3,110,712	215,075	(3,547,673)	-		-
Dividend								(1,049,935)	(1,049,935)		(1,049,935)
Change in consolidation scope							85,342		85,342		85,342
Purchase of own shares		(599,117)				(195,691)			(794,808)		(794,808)
<b>Components of comprehensive income</b>											
Profit (loss) for the period								2,838,069	2,838,069	16,701	2,821,368
Effects of applying IAS 19						(473,676)			(473,676)	(211)	(473,465)
Translation reserve						993,107			993,107	182,833	810,274
Profit (loss) on cash flow hedge derivatives						(12,286)			(12,286)		(12,286)
Profit (loss) on AFS classified financial assets						(44,520)			(44,520)		(44,520)
<b>Total income (loss) for the year</b>									<b>3,300,694</b>	<b>199,323</b>	<b>3,101,371</b>
<b>Overall</b>											
<b>Balance at 31/12/2016</b>	<b>26,979,658</b>	<b>(1,824,759)</b>	<b>18,081,738</b>	<b>2,907,138</b>	<b>3,931,382</b>	<b>20,579,266</b>	<b>2,246,057</b>	<b>2,838,069</b>	<b>75,738,549</b>	<b>994,361</b>	<b>74,744,188</b>
Reclassification previous year's profit to previous year's profit						(1,908,465)	4,746,534	(2,838,069)	0		-
Acquisition minority Expriva Do Brasil							842		842		842
Distributing dividend Expriva Do Brasil							(54,927)		(54,927)	(27,239)	(27,688)
<b>Components of comprehensive income</b>											
Profit (loss) for the period								(1,335,891)	(1,335,891)	30,050	(1,365,941)
Effects of applying IAS 19						248,266			248,266	2,229	246,037
Translation reserve						(320,030)			(320,030)	(78,077)	(241,953)
<b>Total income (loss) for the year</b>									<b>(1,407,655)</b>	<b>(45,798)</b>	<b>(1,361,857)</b>
<b>Overall</b>											
<b>Balance at 30/09/2017</b>	<b>26,979,658</b>	<b>(1,824,759)</b>	<b>18,081,738</b>	<b>2,907,138</b>	<b>3,931,382</b>	<b>18,599,038</b>	<b>6,938,506</b>	<b>(1,335,891)</b>	<b>74,276,811</b>	<b>921,324</b>	<b>73,355,486</b>

## Consolidated Cash Flow Statement

Amount in Euro

	NOTE	30.09.2017	30.09.2016
	16		
Operating activities:			
Profit (loss)	14	(1,335,891)	2,076,739
Amortisation, depreciation and provisions		3,000,858	3,290,738
Provision for Severance Pay Fund		3,289,472	3,042,059
Advances/Payments Severance Pay		(2,955,108)	(2,315,036)
<b>Cash flow arising from operating activities</b>		<b>1,999,331</b>	<b>6,094,500</b>
Increase/Decrease in net working capital:			
Variation in stock and payments on account		(3,762,386)	(7,917,775)
Variation in receivables to customers		(401,860)	(1,098,871)
Variation in receivables to parent/subsidiary/associated company			(52,377)
Variation in other accounts receivable		(1,234,967)	(4,199,215)
Variation in payables to suppliers		3,802,411	1,806,987
Variation in tax and social security liabilities		(974,118)	3,339,546
Variation in other accounts payable		5,187,324	7,671,638
<b>Cash flow arising (used) from current assets and liabilities</b>		<b>2,616,406</b>	<b>(450,067)</b>
<b>Cash flow arising (used) from current activities</b>		<b>4,615,737</b>	<b>5,644,433</b>
Investment activities:			
Variation in tangible assets		(620,501)	(3,899,588)
Variation in intangible assets		(4,059,320)	(9,769,744)
Variation in financial assets		146,842	445,389
Purchase of minority interests		(1,481)	
<b>Cash flow arising (used) from investment activities</b>		<b>(4,534,460)</b>	<b>(13,223,943)</b>
Financial activities:			
Changes in financial assets not held as fixed assets		(314,640)	3,765,804
Changes in fair value of derivatives			(44,797)
Capital increase			(675,531)
Dividend paid		(54,927)	(1,044,775)
Variation shareholders' equity		(242,991)	198,709
<b>Cash flow arising (used) from financial activities</b>		<b>(612,558)</b>	<b>2,199,410</b>
<b>Increase (decrease) in cash</b>		<b>(531,281)</b>	<b>(5,380,100)</b>
Banks / funds / securities and other financial assets at the beginning of the year		17,852,802	8,565,365
Banks / cash and other financial liabilities at the beginning of the year		(56,188,359)	(46,631,913)
Banks / funds / securities and other financial assets at end of period		15,020,805	12,386,627
Banks / cash and other financial liabilities at end of period		(53,887,643)	(55,833,275)
<b>Increase (decrease) in liquidity</b>		<b>(531,281)</b>	<b>(5,380,100)</b>

# Explanatory Notes to the Exprivia Group Financial Statements

## Declaration of compliance with IFRS

This quarterly report, as at 30 September 2017, was drafted in compliance with Art. 154-ter of Legislative Decree 58/1998 and subsequent amendments, as well as the Issuer Regulation issued by Consob. This report was prepared in observance of the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union and was drafted according to IAS 34 - Interim financial reporting.

The financial statements were drawn up in accordance with IAS 1 while the notes were prepared in a condensed form, applying the right set out by IAS 34, and consequently do not include all the information required for an annual report drawn up in accordance with IFRS.

## Scope of Consolidation

The Consolidated Financial Statements as at 30 September 2017 include the equity, economic and financial position of the Holding Company Exprivia S.p.A. and its subsidiaries; the consolidation area did not show any change with respect to 31 December 2016.

The table below shows the companies under consolidation; the investments shown below are all controlled directly by the Holding Company Exprivia apart from the companies ProSap SA de CV, ProSap Centroamerica SA, ProSap Perú Sac, Sucursal Ecuador de Exprivia SLU and Advanced Computer Systems D-GmbH, which are controlled indirectly:

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

With reference to Exprivia Do Brasil Servicos de Informatica Ltda, please note that on 30 March 2017 Exprivia SpA acquired 0.08% of the share capital of the subsidiary company from a minority shareholder for about Euro 1.5 thousand, bringing its equity investment to 52.30%. The value of the shareholders' equity acquired is equal to around Euro 1.6 thousand.

The main data on the aforementioned subsidiaries consolidated using the line-by-line method are provided below (as at 30 September 2017).

Company	H.O.	Company capital	Results for period	Net worth	Total revenues	Total Assets	% of holding
Advanced Computer Systems Srl	Roma	2,801,307	(122,335)	3,612,022	6,633,815	21,389,434	100.00%
Advanced Computer Systems D- GmbH	Offenbach (Germania)	25,000	9,550	63,738	386,728	174,207	100.00%
Consorzio Exprivia S.c.a.r.l	Milano	20,000	(2,967)	17,679	0	19,624	100.00%
Exprivia ASIA Ltd	Hong Kong	318,590	(72,359)	(21,696)	12,389	402,040	100.00%
Exprivia It Solutions (Shanghai ) Ltd	Shanghai (Cina)	220,287	(250,472)	(313,464)	632,012	298,950	100.00%
Exprivia Enterprise Consulting Srl	Milano	1,500,000	(4,116,386)	87,591	4,402,138	6,959,117	100.00%
Exprivia Healthcare IT Srl	Trento	1,982,190	613,961	11,446,403	16,224,010	25,882,813	100.00%
Exprivia Process Outsourcing Srl	Palermo	100,000	(350,233)	(34,786)	4,066,635	1,673,777	100.00%
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	1,565,209	110,907	1,786,532	976,274	2,186,843	52.30%
Exprivia Projects Srl	Roma	242,000	310,390	601,218	4,678,154	2,983,419	100.00%
Exprivia Telco & Media Srl	Milano	1,200,000	(112,996)	1,101,728	16,273,563	14,173,932	100.00%
Succursal Ecuador de Exprivia SLU	Quito (Ecuador)	8,470	(3,422)	(4,412)	-	2,547	100.00%
Exprivia SLU	Madrid (Spagna)	197,904	(198,400)	708,124	1,632,168	8,881,200	100.00%
ProSap Centroamerica SA	Città del Guatemala (Guatemala)	577	14,607	256,461	375,353	1,141,861	100.00%
ProSap Sa de CV	Città del Messico (Messico)	2,330	(467,634)	(1,276,476)	1,834,655	4,358,762	100.00%
ProSap Perà SAC	Lima (Perù)	183,248	(235)	16,010	-	31,734	100.00%
Exprivia Digital Financial Solution Srl	Milano	1,586,919	2,004,829	12,317,011	19,670,674	25,929,261	100.00%
Spegea Sc a rl	Bari	125,000	(57,132)	172,871	618,149	1,252,743	60.00%

The primary exchange rates used for conversion into euro of the financial statements of foreign companies for 30 September 2017 were as follows:

Exchange rate	EUR/GTQ	EURO/MXN	EURO/PEN	EURO/USD	EURO/BRL	EURO/HKD	EURO/CNY
30/09/2017	8.6678	21.4614	3.8532	1.1806	3.7635	9.2214	7.8534
Average at 30 september 2017	8.6999	21.2431	3.8670	1.1915	3.7316	9.3094	7.8257

Transactions in foreign currency are initially converted into the reporting currency at the exchange rate applicable on the date of the transaction. At the end of the period in question, the monetary assets and liabilities in foreign currency are converted into the reporting currency at the exchange rate applicable on the closing date. Exchange differences are recognised in the Income Statement. Non-monetary assets and liabilities in foreign currency, valued at cost, are converted at the exchange rate applicable at the date of the transaction, whereas those measured at fair value are converted at the exchange rate applicable on the date the measurement is made.

## SEGMENT REPORTING

As required by IFRS 8 (paragraphs 32-34) information regarding revenues by type of product and service as well as revenues by customer type, public or private, and by geographical area, is provided below.

Business Areas	30/09/2017	30/09/2016	Variation	Variation%	Q3 2017	Q3 2016	Variation	Variation%
Projects and Services	95,734	84,852	10,882	12.8%	35,966	28,417	7,549	26.6%
Maintenance	10,712	9,959	753	7.6%	449	3,437	(2,988)	-86.9%
HW/ SW third parties	3,194	1,685	1,509	89.6%	1,103	331	772	233.2%
Own licences	1,538	1,496	42	2.8%	324	457	(133)	-29.1%
Other	496	438	58	13.2%	77	120	(43)	-35.8%
<b>Total</b>	<b>111,674</b>	<b>98,430</b>	<b>13,244</b>	<b>13.46%</b>	<b>37,919</b>	<b>32,762</b>	<b>5,157</b>	<b>15.74%</b>

It must be noted that, for the data at 30 September 2016 and third quarter of 2016, Euro 482 thousand were reclassified from the item "projects and services" to the item "proprietary licenses".

Exprivia Group (value in k Euro)	30/09/2017	Variations %	30/09/2016	Variations %	Variazioni %	Q3 2017	Variations %	Q3 2016	Variations %	Variations%
PRIVATE	94,946	85.0%	79,422	80.7%	19.5%	32,502	85.7%	28,129	85.9%	15.5%
PUBLICIT	16,728	15.0%	19,008	19.3%	-12.0%	5,417	14.3%	4,633	14.1%	16.9%
<b>TOTAL</b>	<b>111,674</b>		<b>98,430</b>		<b>13.46%</b>	<b>37,919</b>		<b>32,762</b>		<b>15.74%</b>

Exprivia Group (value in k Euro)	30/09/2017	Variations%	30/09/2016	Variations %	Variazioni%	Q3 2017	Variations%	Q3 2016	Variations %	Variations%
ITALY	100,119	89.7%	89,460	90.9%	11.9%	34,214	90.2%	29,178	89.1%	17.3%
ABROAD	11,555	10.3%	8,970	9.1%	28.8%	3,705	9.8%	3,584	10.9%	3.4%
<b>TOTAL</b>	<b>111,674</b>		<b>98,430</b>		<b>13.46%</b>	<b>37,919</b>		<b>32,762</b>		<b>15.74%</b>

# Explanatory notes on the consolidated equity and financial position

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

## 1 - SHAREHOLDERS' EQUITY

### 1 - Share capital

"**Share Capital**", fully paid up, amounted to Euro 25,154,899 and did not change compared to 31 December 2016; it is represented by 51,883,958 ordinary shares at a nominal value of Euro 0.52 each for a total of Euro 26,979,658, net of 3,509,153 own shares held at 30 September 2017 for a value of Euro 1,824,760, which did not change compared to 31 December 2016.

### 1 - Share premium reserve

As at 30 September 2017, the "**share premium reserve**" amounted to Euro 18,081,738 and is the same as at 31 December 2016.

### 1 - Revaluation reserve

As at 30 September 2017, the "**revaluation reserve**" amounted to Euro 2,907,138 and is the same as at 31 December 2016.

### 1 - Legal reserve

The **Legal reserve** amounted to Euro 3,931,382, unchanged from 31 December 2016.

### 1 - Other reserves

The balance of the item "**other reserves**" amounted to Euro 18,599,038 as at 30 September 2017 compared to Euro 20,579,266 at 31 December 2016 and consists of:

- Euro 19,301,316 for the "**extraordinary reserve**" compared to Euro 17,363,657 at 31 December 2016. The changes that took place can be attributed to the allocation of the 2016 loss for the year (Euro 1,908,465) as resolved by the shareholders' meeting of Exprivia SpA on 27 April 2017, and the effect of the definitive release of the "Puglia Digitale Project Reserve" (Euro 3,846,124);
- Euro -702,278 of "**other reserves**" compared to Euro -630,515. The changes in the first half of 2017 related:
  - to the positive effect of Euro 248,266 on shareholders' equity of actuarial gains and losses deriving from the adoption of IAS 19;
  - to the negative effect of the change in the currency translation reserve, for Euro 320,029.

### 1 - Profit/loss related to previous periods

The reserve for **profit/loss related to previous periods** as at 30 September 2017 stood at Euro 6,938,506 compared to Euro 2,246,057 at 31 December 2016. Following are the changes from the figures of the previous year:

- by Euro 4,746,534 due to the allocation of the result from the previous year;



- by Euro -54,927 due to the distribution of dividends to a former shareholder of Exprivia Do Brasil Servicos de Informatica Ltda;
- by Euro 842 due to the acquisition by Exprivia SpA of 0.08% of Exprivia do Brasil Servicos de Informatica Ltda.

## NET FINANCIAL POSITION

In accordance with the CONSOB notice of 28 July 2006 and CESR recommendation of 10 February 2005 "Recommendations for standard implementation of European Commission regulations on disclosure schedules", the table below shows the net financial position of the Exprivia Group as at 30 September 2017 and at 31 December 2016.

	al 30.09.2017	al 31.12.2016
<b>A. Cash</b>	31,902	39,437
<b>B. Other liquid funds</b>	10,597,945	12,455,496
<b>C 1. Securities held for trading</b>	457,041	462,748
<b>C 2. Own actions</b>	2,547,084	2,547,084
<b>D Liquid assets (A)+(B)+(C)</b>	<b>13,633,972</b>	<b>15,504,765</b>
<b>E. Current financial receivables</b>	<b>1,486,353</b>	<b>2,061,907</b>
<b>F. Current bank debts</b>	(6,103,584)	(20,160,209)
<b>G. Current portion of non-current debt</b>	(20,553,042)	(7,193,618)
<b>H. Other current financial payables</b>	(2,246,234)	(1,650,028)
<b>I. Current financial debts (F) + (G) + (H)</b>	<b>(28,902,860)</b>	<b>(29,003,855)</b>
<b>J. Net current financial debt (I) + (E) + (D)</b>	<b>(13,782,536)</b>	<b>(11,437,183)</b>
<b>K. Non-current debts</b>	(23,428,685)	(24,624,683)
<b>L. Bonds issued</b>	(925,000)	(1,839,297)
<b>M. Other non-current financial payables net of non-current financial receivables and derivative financial instruments</b>	1,816,464	2,112,689
<b>N. Non-current financial debt (K) + (L) + (M)</b>	<b>(22,537,221)</b>	<b>(24,351,291)</b>
<b>O. Net financial debt (J) + (N)</b>	<b>(36,319,757)</b>	<b>(35,788,474)</b>

Own shares held by the holding company (Euro 2,547,084) are included in the calculation of the net financial position. They were not listed under the opening and closing balance of financial assets in the cash flow statement since the change is shown in the appropriate item.

## Explanatory notes to the consolidated income statement

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

### 2 - Revenue

**Revenue from sales and services** in the third quarter of 2017 amounted to Euro 37,919,241 compared to Euro 32,762,316 in the same period of 2016.

The table below shows details on revenues, including changes in inventories of raw materials and finished products (Euro 172,151), broken down by service type relating to the third quarter of 2017 and compared with the figures for the same period of the previous year (figures in thousands of Euro).

Business Areas	Q3 2017	Q3 2016	Variation	Variation%
Projects and Services	35,966	28,417	7,549	26.6%
Maintenance	449	3,437	(2,988)	-86.9%
HW/ SW third parties	1,103	331	772	233.2%
Own licences	324	457	(133)	-29.1%
Other	77	120	(43)	-35.8%
<b>Total</b>	<b>37,919</b>	<b>32,762</b>	<b>5,157</b>	<b>15.74%</b>

### 3 - Other income

#### Other Revenue and Income

In the third quarter of 2017 “**other revenues and income**” amounted to Euro 76,760 compared to Euro 433,391 in the same period of the previous year. The table below provides details on the items.

Description	Q3 2017	Q3 2016	Variation
Other revenue	33,807	366,442	(332,635)
Income from assignment of vehicles to staff	37,718	37,104	614
Capital gains	5,235	29,843	(24,608)
<b>TOTAL</b>	<b>76,760</b>	<b>433,391</b>	<b>(356,631)</b>

#### Grants for Operating Expenses

In the third quarter of 2017 “**grants for operating expenses**” amounted to Euro 563,215 compared to Euro 338,181 in the same period in 2016 and refer to grants pertaining to the period or authorised in the period for funded research and development projects. The grants are carried net of the amount allocated to the risk provision for any minor grants that might not be received.

## Costs for Capitalised Internal Projects

In the third quarter of 2017 the item “**costs for capitalised internal projects**” amounted to Euro 616,326 compared to Euro 563,030 in the same period of 2016 and mainly refers to expenses incurred in the period to develop products for the Banking & Finance, Healthcare and Aerospace & Defence segments.

## 4 – Change in inventories of raw materials and finished products

In the first half of 2017 the balance of the item “**change in inventories of raw materials and finished products**” amounted to Euro 172,151 compared to Euro -88,819 in the same period of the previous year. It refers to changes in finished products.

## 5 - Raw materials, consumables and goods

In the third quarter of 2017 the item “**raw materials, consumables and goods**” amounted to Euro 4,712,869 compared to Euro 2,347,520 in the same period of the previous year. The table below provides details on the items.

Description	Q3 2017	Q3 2016	Variation
Purchase of HW-SW products	4,577,983	2,241,120	2,336,863
Stationery and consumables	19,137	14,970	4,167
Fuel and oil	39,629	52,378	(12,749)
Other costs	65,134	34,401	30,733
Warranty services on our customers	222	4,652	(4,431)
<b>TOTAL</b>	<b>4,712,869</b>	<b>2,347,520</b>	<b>2,365,349</b>

## 6 - Staff costs

In the third quarter of 2017 the item “**staff costs**” amounted to Euro 23,944,842 compared to Euro 21,197,639 in the same period of 2016. The table below provides details on the item:

Description	Q3 2017	Q3 2016	Variation
Salaries and wages	17,590,681	15,358,565	2,232,116
Social charges	4,526,197	3,929,811	596,386
Severance Pay	1,167,334	1,110,863	56,471
Other staff costs	660,632	798,399	(137,767)
<b>TOTAL</b>	<b>23,944,842</b>	<b>21,197,639</b>	<b>2,747,204</b>

The number of employees at 30 September 2017 came to 2,518 (of which 2,507 employees and 11 temporary workers) while the Group employed 2,138 staff at 30 September 2016, of which 2,125 employees and 13 temporary workers. The average at 30 September 2017 was 2,422 resources (of which 2,411 employees and 11 temporary workers).

## 7 - Costs for Services

In the third quarter of 2017 the item “**costs for services**” amounted to Euro 5,641,240 compared to Euro 4,931,602 in the third quarter of 2016. The table below provides details on the items:

Description	Q3 2017	Q3 2016	Variation
Technical and commercial consultancy	3,272,776	2,083,958	1,188,818
Administrative/company/legal consultancy	619,763	460,534	159,229
Data processing service	124,789	135,118	(10,329)
Auditors' fees	39,682	40,415	(733)
Travel and transfer expenses	549,524	522,954	26,570
Other staff costs	(535)	19,971	(20,506)
Utilities	242,108	259,969	(17,861)
Advertising and agency expenses	76,658	130,270	(53,612)
Bank charges	93,891	126,658	(32,767)
HW and SW maintenance	83,841	81,403	2,438
Insurance	121,240	233,323	(112,083)
Costs of temporary staff	168,918	299,510	(130,592)
Other costs	212,159	491,316	(279,157)
Mail services	36,426	46,203	(9,777)
<b>TOTAL</b>	<b>5,641,240</b>	<b>4,931,602</b>	<b>709,638</b>

The most significant change was caused by the increase in costs for technical and commercial consulting, which is closely related with the rise in revenues.

## 8 - Costs for Leased Assets

In the third quarter of 2017 the item “**costs for leased assets**” amounted to Euro 915,212 compared to Euro 1,085,971 in the same period of the previous year. The table below provides details on the items:

Description	Q3 2017	Q3 2016	Variation
Rental expenses	398,803	454,924	(56,121)
Car rental/leasing	244,330	401,044	(156,714)
Rental of other assets	226,196	193,176	33,020
Royalties	39,544	27,986	11,558
Other costs	6,339	8,841	(2,502)
<b>TOTAL</b>	<b>915,212</b>	<b>1,085,971</b>	<b>(170,759)</b>

## 9 - Sundry Operating Expenses

In the third quarter of 2017 the item “**sundry operating expenses**” amounted to Euro 3,062,069 compared to Euro 192,773 of the third quarter of 2016. The table below provides details on the item:

Description	Q3 2017	Q3 2016	Variation
Annual subscriptions	34,573	40,819	(6,246)
Taxes	111,106	37,681	73,425
Stamp duty	3,195	17,778	(14,583)
Penalties and fines	(48,281)	71,194	(119,475)
Charitable donations	2,179	4,034	(1,855)
Contingency liabilities	64,781	21,266	43,515
Write-offs	13,668		13,668
Sundry expenses	2,863,399		2,863,399
Penalties and damages	17,448		17,448
<b>TOTAL</b>	<b>3,062,069</b>	<b>192,773</b>	<b>2,869,296</b>

The item “**tax dispute expenses**” included the principal amount (Euro 2,863,399) relating to the acceptance of the process for the resolution of the Pending Disputes pursuant to Art. 11, Legislative Decree no. 50/2017, concerning the dispute between the Inland Revenue Agency and Exprivia Enterprise Consulting Srl. With such acceptance, the dispute was considered closed.

## 10 - Provisions

The consolidated balance of the item “**provisions**” in the third quarter of 2017, amounted to Euro -6,797 compared to Euro 76,732 of the third quarter of 2016.

The table below provides details on the items.

Description	Q3 2017	Q3 2016	Variation
Provision for legal disputes with employees	(9,933)	62,795	(72,728)
Other provisions	3,136	13,937	(10,801)
<b>TOTAL</b>	<b>(6,797)</b>	<b>76,732</b>	<b>(83,529)</b>

## 11 - Amortisation, depreciation and write-downs

In the third quarter of 2017 “**amortisation and depreciation**” amounted to Euro 1,117,584 compared with Euro 1,261,132 in the third quarter of 2016 and refer, for Euro 763,927, to the amortisation of intangible assets and for Euro 353,657 to the depreciation of tangible assets.

### Write-downs

In the third quarter of 2017 the item “**write-downs**” amounted to Euro 104,614 compared to Euro 28,082 in the third quarter of 2016. Of this, Euro 76,531 refers to the write-downs on current receivables and Euro 28,083 to the write-downs on assets.

## 12 - Financial (income) charges and other investments

The balance of the item “**financial (income) charges and other investments**” amounted to a negative Euro 1,205,863 compared with Euro 706,178 in the same period of 2016. The table below provides details on the items.

Description	Q3 2017	Q3 2016	Variation
Proceeds from shareholdings from parents	39,711	22,923	16,788
Income from other investments	0	219	(219)
Other income other than the above	24,590	172,158	(147,568)
Interest and other financial charges	(965,241)	(683,639)	(281,602)
From parent charges	(98,092)	(95,216)	(2,876)
Profit and loss on currency exchange	(206,831)	(122,623)	(84,208)
<b>TOTAL</b>	<b>(1,205,863)</b>	<b>(706,178)</b>	<b>(499,683)</b>

### Income from Parent Companies

The balance of the item “**income from parent companies**” amounted to Euro 39,711 in the third quarter of 2017 compared to Euro 22,923 in the same period of 2016 and refers to interest accrued from Abaco Innovazione SpA on a loan disbursed by Exprivia SpA.

## Other Financial Income

In the third quarter of 2017 the item “**other financial income**” amounted to Euro 24,590 compared to Euro 172,158 in the same period of 2016. The table below provides details on the item.

Description	Q3 2017	Q3 2016	Variation
Bank interest receivable	3,085	1,131	1,954
Discounts and rebates from suppliers	2,251		2,251
Other interest income	19,409	170,992	(151,583)
Rounding up of assets	(155)	34	(189)
<b>TOTAL</b>	<b>24,590</b>	<b>172,158</b>	<b>(147,568)</b>

## Interest and Other Financial Charges

In the third quarter of 2017 the item “**interest and other financial charges**” amounted to Euro 965,241 compared to Euro 683,639 in the same period of the previous year. The table below provides details on the items.

Description	Q3 2017	Q3 2016	Variation
Bank interest payable	29,740	126,349	(96,609)
Interest on loans and mortgages	266,980	293,989	(27,009)
Sundry interest	651,059	244,396	406,663
Charges on financial products and sundry items	9,757	18,968	(9,211)
Rounding up/down	7,705	(61)	7,766
<b>TOTAL</b>	<b>965,241</b>	<b>683,639</b>	<b>281,602</b>

The item “**other interest**” included default interest relating to the acceptance of the process for the resolution of the Pending Disputes pursuant to Art. 11 of Legislative Decree no. 50/2017, in the amount of Euro 478,335 as described in note 9.

## Charges from Parent Companies

The balance of the item “**charges from parent companies**” amounted to Euro 98,092 compared with Euro 95,216 of the third quarter of 2016 and refers to the portion applicable to the period of charges recognised by Exprivia SpA to the parent company Abaco Innovazione SpA for guarantees issued by the latter with respect to its subsidiary.

## Gains and Losses on Currency Exchange

In the third quarter of 2017, “**loss on currency exchange**” amounted to Euro 206,831 versus losses amounting to Euro 122,623 in the third quarter of 2016, and refers to the fluctuations in exchange rates due to commercial transactions carried out in a different currency from the national currency of the foreign companies of the Exprivia Group.



## 13 - Taxes

In the third quarter of 2017, “**taxes**” amounted to Euro -320,846 compared to Euro 752,106 in the third quarter of 2016; the table below provides details on the changes compared to the previous period:

Description	Q3 2017	Q3 2016	Variation
IRES	(589,116)	530,985	(1,120,101)
IRAP	164,589	142,795	21,794
Foreing tax	15,127	(2,960)	18,087
Taxes from prior years	(63,529)	43,117	(106,646)
Deferred tax	28,181	(18,597)	46,778
Deferred tax assets	123,902	56,766	67,136
<b>TOTAL</b>	<b>(320,846)</b>	<b>752,106</b>	<b>(1,072,952)</b>

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

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

Please note that the Group has benefited from the income tax break deriving from the use of intellectual property, introduced by Art. 1, paragraphs 37-45, of Law no. 190/2014 “2015 stability law” (the “patent box”).

In the third quarter of 2017, the benefit in terms of lower taxes amounted to Euro 70,007 compared to Euro 123,547 in the third quarter of 2016.

## 14 - Profit (loss) for the period

The income statement, in the third quarter of 2017, closed with a consolidated loss (after tax) of Euro 1,201,108, compared with the consolidated profit of Euro 1,517,181 in the same period in 2016. As described in the paragraph “Summary of the operations in the third quarter of 2016” of this Report, this result was negatively impacted by the extraordinary event concerning the acceptance of the resolution process for the Pending Disputes pursuant to Art. 11 of Legislative Decree no. 50/2017 for the subsidiary Exprivia Enterprise Controlling Srl, without which the profit for the period would have been Euro 1,075,503.

## 15 - Earnings (loss) Per Share

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

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

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

At 30 September 2017 the basic and diluted loss per share amounted to Euro -0.0282.

**30/09/2017**

Profits for determining basic earnings per share (Net profit due to shareholders of parent company)	(1,365,940)
Profit for determining the earnings per basic share	(1,365,940)

**Number of shares**
**30/09/2017**

Number of ordinary shares at 1 January 2017	51,883,958
Purchase of own shares at 30 September 2017	(3,509,153)
Average weighted number ordinary shares for calculation of basic profit	48,387,659

**Earnings per share (Euro)**
**30/09/2017**

Profit (loss) per basic share	-0.0282
Diluted earnings (loss) per share	-0.0282

## 16 - Information on the Cash Flow Statement

The **consolidated net financial position** reported in the Cash Flow Statement as at 30 September 2017 was negative for Euro 36.3 million (compared to the net financial position reported in note 16 equal to Euro 38.9 million; the difference is due to treasury shares with a value of Euro 2.5 million), an improvement compared to 30 September 2016 when it was Euro 41.0 million, and substantially in line with the figure at 31 December 2016 when it amounted to Euro -35.8 million.

Despite maintaining a remarkable level of investments of Euro 4.5 million, the Group has maintained as stable its financial indebtedness in the first nine months of 2017, thanks to the positive cash flows deriving from income management for Euro 2.0 million and the management of the net working capital for Euro 2.6 million, despite cash outflows for approximately Euro 600 thousand used for financing activities as well as for the non-recurrent disbursement of the 1st instalment equal to Euro 2.5 million concerning the acceptance of the resolution process for Pending Disputes pursuant to Art. 11 of Legislative Decree no. 50/2017, as already described above.

## **Statement pursuant to art. 154-bis(2) of Italian Legislative decree No. 58 of 24 February 1998 on the provisions concerning brokerage and subsequent amendments**

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

Molfetta, 13 November 2017

**Valerio Stea**

Executive Manager responsible for preparing the corporate accounts