Interim Report 2019

Issuer: Exprivia S.p.A.

Website: www.exprivia.it

Issuer: Exprivia S.p.A.

future. perfect. simple.

Contents

Corporate Bodies

Board of Directors

Chairman and Chief Executive Officer
Domenico Favuzzi

Directors
Dante Altomare (Vice Chairman)
Angela Stefania Bergantino (2)
Eugenio Di Sciascio (2)
Stefano Pileri
Marina Lalli (2)
Alessandro Laterza (3)
Valeria Savelli (1)
Gianfranco Viesti (2)

Board of Statutory Auditors

Chairman
Ignazio Pellecchia

Standing Auditors
Anna Lucia Muserra
Mauro Ferrante

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 June 2019

Significant Exprivia Group Figures and Result Indicators

The table below gives a summary of the main consolidated economic, capital and financial data of the Group as at 30 June 2019, 30 June 2018, and 31 December 2018.

Effective from 1 January 2019, the Group has adopted the IFRS 16 "Leasing" standard, which resulted in changes in accounting policies and, in certain cases, adjustments to the amounts recognised in financial statements; the impact on financial statements of adopting these standards is material in that it reclassifies costs previously recognised as costs for leased assets under the item amortisation/depreciation and financial liabilities; similarly, the right of use of the leased asset is recognised as an asset in the balance sheet and the residual debt is recognised under the item financial liabilities, with the relative burdening of the net financial position. In particular, as at 30 June 2019 the adoption of IFRS 16 resulted in:

- **Statement of financial position**: non-current assets due to the recognition of the right of use of the assets leased for an amount of Euro 22.7 million; the recognition of financial liabilities representing the obligation to make the payments established in the contract for an amount of Euro 23.7 million; an impact of first application on the net Shareholders' equity, net of the relative tax effect, of Euro 1.1 million;

- **Income statement**: different nature, qualification and classification of lease rentals, with the recognition of "Amortisation on the right of use of the asset" and "Financial charges" in place of "Costs for the use of third party assets - operating lease payments" in accordance with IAS 17, with the resulting positive impact on EBITDA of Euro 3.7 million, on EBIT of Euro 0.5 million, and, as it resulted in higher financial expenses of Euro 0.5 million, a non-significant impact on the profit (loss) for the period.

Further information on the details of the impact of the adoption of the new standard are included in the paragraph "Application of new accounting standards" of the condensed interim financial statements as at 30 June 2019.

amount in thousand Euro

	30.06.2019	30.06.2018	31.12.2018
Total revenues	251,588	286,902	623,210
net proceeds	237,847	271,798	590,964
increase to assets for internal work	4,240	5,703	10,534
other proceeds and contributions	9,501	9,401	21,712
Difference between costs and production proceeds (EBITDA)	10,434	7,952	41,822
% on total revenues	4.1%	2.8%	6.7%
Net operating result (EBIT)	(3,448)	(1,489)	20,998
% on total revenues	-1.4%	-0.5%	3.4%
Net result	(11,023)	(13,307)	(852)
Group net equity	67,431	65,397	72,262
Total assets	690,648	637,313	667,869
Capital stock	25,083	25,155	25,083
Net working capital (1)	13,453	138	21,631
Cash flow (2)	(434)	(7,811)	20,208
Fixed capital (3)	363,130	341,725	345,898
Investment (4)	7,524	7,829	16,362
Cash and securities / other financial assets (a)	25,655	39,641	29,062
Financial payables / other short-term financial liabilities (b)	(82,093)	(67,058)	(62,981)
Financial payables / other medium / long-term financial liabilities (c)	(192,592)	(183,913)	(180,724)
Net financial position (5)	(249,030)	(211,330)	(214,643)

(1) **Net working capital** is calculated as the sum of total current assets less cash and cash equivalents and total current liabilities plus current bank debt.

(2) **Cash flow** represents the cash flow generated (absorbed) by income management.

(3) **Fixed capital** is equal to the total non-current assets.

(4) **Investments** are calculated as the sum of cash flows absorbed by increases in tangible assets, intangible assets and equity investments, net of consideration for disposals.

(5) **Net financial position** = a+b+c

The table below shows the main economic indicators of the Group as at 30 June 2019, 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 July 2018 to 30 June 2019, for the data as at 30 June 2019, and the data from 1 July 2017 to 30 June 2018 for the figures at 30 June 2018.

Exprivia Group	30/06/19	30/06/18
Index ROE (Net income / Equity Group)	2.13%	-20.07%
Index ROI (EBIT / Net Capital Invested) **(6)**	6.06%	0.82%
Index ROS (EBIT / Revenues)	-1.45%	-0.55%
Financial charges **(7)** / Net profit	-0.62	-0.51

(6) **Capital invested Net**: equal to net working capital plus non-current assets net of non-current liabilities (excluding bank debt and bond issues)

(7) **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 June 2019 and 31 December 2018.

Exprivia Group	30/06/19	31/12/18
Net Financial Debt / Equity Capital	3.69	2.97
Debt ratio (Total Liabilities / Equity Capital)	10.24	9.24

The above indicators are significantly affected by the strong seasonality characterised by the business of the Italtel Group. This seasonality occurs in both the Italian and the international markets and is connected not only to the complexity of projects managed, but also to expense budgets of customers. This seasonality affects annual and interim apportioning of revenues and especially margins realised by the Group.

Summary of operations in the first half of 2019

The results of the first half of 2019 are compared with the same results for the previous period:

Exprivia Group (value in thousand Euro)	30/06/19	30/06/18	Variations	Variations %
Revenues	251,588	286,902	(35,314)	-12.3%
EBITDA	10,434	7,952	2,482	31.2%
EBIT	(3,448)	(1,489)	(1,959)	-131.6%
Pre-tax result	(9,458)	(13,031)	3,573	27.4%

Exprivia Group (value in thousand Euro)	30/06/19	31/12/18	Variations	Variations %
Net financial position	(249,030)	(214,643)	(34,387)	-16.0%

With regard to the Net Financial Position, as already previously stated, the adoption of the new IFRS 16 accounting standard has involved a change of around Euro 23.7 million. Therefore, net of this effect, the change with respect to 31 December 2018 was of around Euro -10.7 million.

The table below provides the results for Exprivia Group excluding Italtel Group:

Exprivia Group excluding Italtel Group (value in thousand Euro)	30/06/19	30/06/18	Variations	Variations %
Revenues	79,475	78,940	535	0.7%
EBITDA	6,185	6,052	133	2.2%
EBIT	2,995	4,023	(1,028)	-25.6%
Pre-tax result	1,060	1,865	(805)	-43.2%

Exprivia Group excluding Italtel Group (value in thousand Euro)	30/06/19	31/12/18	Variazioni	Variazioni %
Net financial position	(57,605)	(45,769)	(11,836)	-25.9%

As can be seen, the revenues of the Exprivia Group for the first half of 2019 net of the consolidation of the Italtel Group, amounting to Euro 79 million, were basically aligned with the same period of 2018; on the other hand, the net operating margin saw a significant drop mainly caused by the delay in the start of some significant projects.

The Net Financial Position was Euro -58 million compared to Euro -46 million as at 31 December 2018; the change of Euro 6.9 million is mainly attributable to the adoption of the new accounting standard IFRS 16.

Profile of Exprivia Group

Future. Perfect. Simple

An international business Group to enable digital transformation processes

Exprivia is an international group specialised in information and communication technology able to direct its customers' business change drivers thanks to digital technology.

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 & Insurance, 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.

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 making a direct connection with what we know in the present: technology with customer needs, the world of research with that of business, the city with its residents.

Perfect

Perfect is the level we commit

to reaching in designing

innovative and efficient

digital solutions for every sector.

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.

Simple

Being simple is the fundamental requirement of all of our systems,

which are designed to improve people's lives

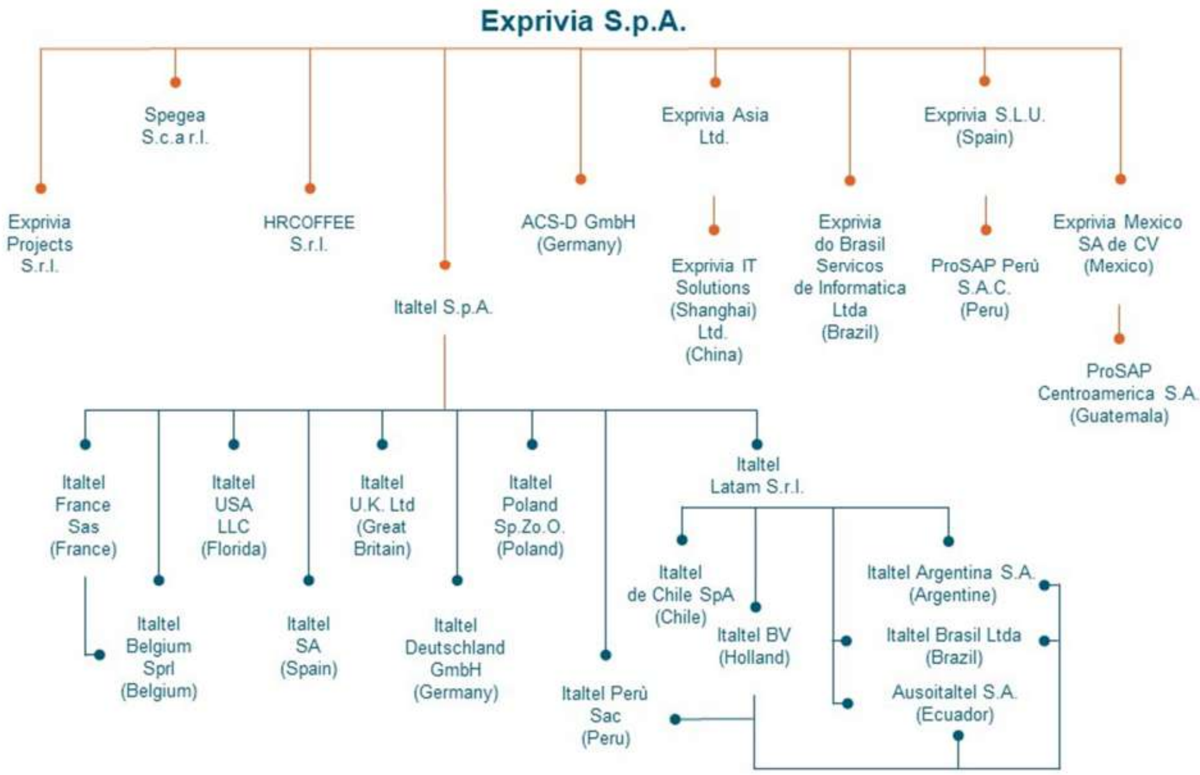
by making information available and usable.

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.

The Group

The chart shows the main companies of the Exprivia Group:



The companies composing the Exprivia Group are listed below, broken down between Italian and foreign companies:

Italian Companies

ITALTEL SpA, of which Exprivia owns 81%, is a multi-national business operating in the Information & Communication Technology (ICT) sector, with a strong capacity for innovation that has been involved for years in industry research projects at the European, national, and regional levels in the field of software for telecommunications and IT. The Italtel portfolio includes solutions for networks, data centres, business collaboration, digital security and the Internet of Things. The solutions consist of proprietary and third-party products, managed services, engineering services, and consultancy. Italtel's reference market is made up of service providers as well as public and private companies, with a specific focus on vertical markets such as Energy, Healthcare, Manufacturing, Defence, Finance and Smart Cities. Italtel has its headquarters and R&D

activities in Italy and satellite offices in 13 countries. In Settimo Milanese (Milan), Italtel has over 3000 square meters of test plants dedicated to validating solutions provided to customers, to offer the best possible operational support. The Research and Development labs are in Settimo Milanese and Carini (Palermo), while the company has a sales office in Rome.

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

Consorzio Exprivia Scarl, participated by Exprivia SpA for 70%, 25% for Italtel Spa and the remaining 5% for Exprivia Projects Srl stable consortium between companies of the Exprivia Group. This consortium's objective is to facilitate the Exprivia Group's participation in public tenders for project development and service provision.

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

HR Coffe S.r.l. is a new company of which Exprivia owns 70% of the share capital, equal to Euro 300,000. The company, established on 31 July 2018 with headquarters in Molfetta, will handle the production and marketing of products and services with high value-added technology in the field of human resource management.

Italtel Latam Srl an Italian company with registered office in Italy, wholly owned by Italtel SpA, which manages Italtel SpA’s shareholdings in Latin American countries.

Foreign Companies

Exprivia SLU, a Spanish company 100%-owned by Exprivia, is the result of the merger by incorporation of the companies previously operating in Spain, Exprivia SL and Profesionales de Sistemas Aplicaciones y Productos SL (ProSap). The company has operated since 2002 providing professional services and project development in the SAP environment, WEB portal development, and solutions and information systems for the Healthcare sector in the Spanish market. The company controls 99.9% of ProSAP Peru SAC

Exprivia Mexico SA de CV, a Mexican company based in Mexico City, 98% owned by Exprivia SpA and 2% by Exprivia SLU, has been operating since 2004 and offers professional services and project development in the SAP environment, development of WEB portals, solutions and information systems for the Healthcare market in Latin American countries, including through its Guatemala-based subsidiary (ProSAP Centroamerica SA).

Exprivia do Brasil Serviços de Informatica Ltda, a Brazilian company specialised in IT Security solutions, operates from its headquarters in Sao Paulo. Exprivia S.p.A. controls the company with a 52.30% share while the company Simest S.p.A. holds 47.70%.

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

ACS-D GmbH (Germany), a company operating in Germany for the purpose of acting on behalf of Exprivia SpA, its sole shareholder, in the aerospace and defense sector.

Italtel B.V. (Netherlands), company located in the Netherlands with sole shareholder Italtel Latam Srl. This is a portfolio holding company with the function of operational commercial support to the grouping for activities abroad. Following corporate reorganization, from the second half of 2018 the company only holds the direct and indirect holdings of Italtel SpA in the LATAM area, exceptionally made for Italtel Arabia Ltd in liquidation (10% owned by Italtel BV and 90% by Italtel SpA).

Italtel Belgium SPRL, a Belgian company owned 60% by Italtel S.p.A. and 40% by Italtel France SAS. The company's purpose is to perform manufacturing and/or sales activities and installation in the electro-technology, electronics and information technology sectors - particularly in the field of telecommunication equipment and components - as well as in related and similar fields.

Italtel Deutschland GMBH, German company with sole shareholder Italtel SpA. The purpose of the company is to carry out industrial and / or commercial and installation activities in the electrical engineering and information technology sector - in particular in the field of telecommunications equipment and components - as well as in related and related fields.

Italtel France SAS, a French company with Italtel S.p.A. as the sole shareholder. The company's purpose is to perform manufacturing and/or sales activities and installation in the electro-technology, electronics and information technology sectors - particularly in the field of telecommunication equipment and components - as well as in related and similar fields.

Italtel Poland SP. Zo. O., a Polish company with Italtel S.p.A. as the sole shareholder. The company's purpose is to perform manufacturing and/or sales activities and installation in the electro-technology, electronics and information technology sectors - particularly in the field of telecommunication equipment and components - as well as in related and similar fields.

Italtel S.A. (Spain), a Spanish company with Italtel SpA as the sole shareholder. The company's purpose is to perform manufacturing and/or sales activities and installation in the electro-technology, electronics and information technology sectors - particularly in the field of telecommunication equipment and components - as well as in related and similar fields.

Italtel U.K. LTD, a company operating in the United Kingdom with Italtel SpA as the sole shareholder. The company's purpose is to perform manufacturing and/or sales activities and installation in the electro-technology, electronics and information technology sectors - particularly in the field of telecommunication equipment and components - as well as in related and similar fields.

Italtel Argentina S.A., an Argentinian company owned 71.46% by Italtel B.V. and 28.54% by Italtel Latam Srl. The company's purpose is to perform manufacturing and/or sales activities and installation in the electro-technology, electronics and information technology sectors - particularly in the field of telecommunication equipment and components - as well as in related and similar fields.

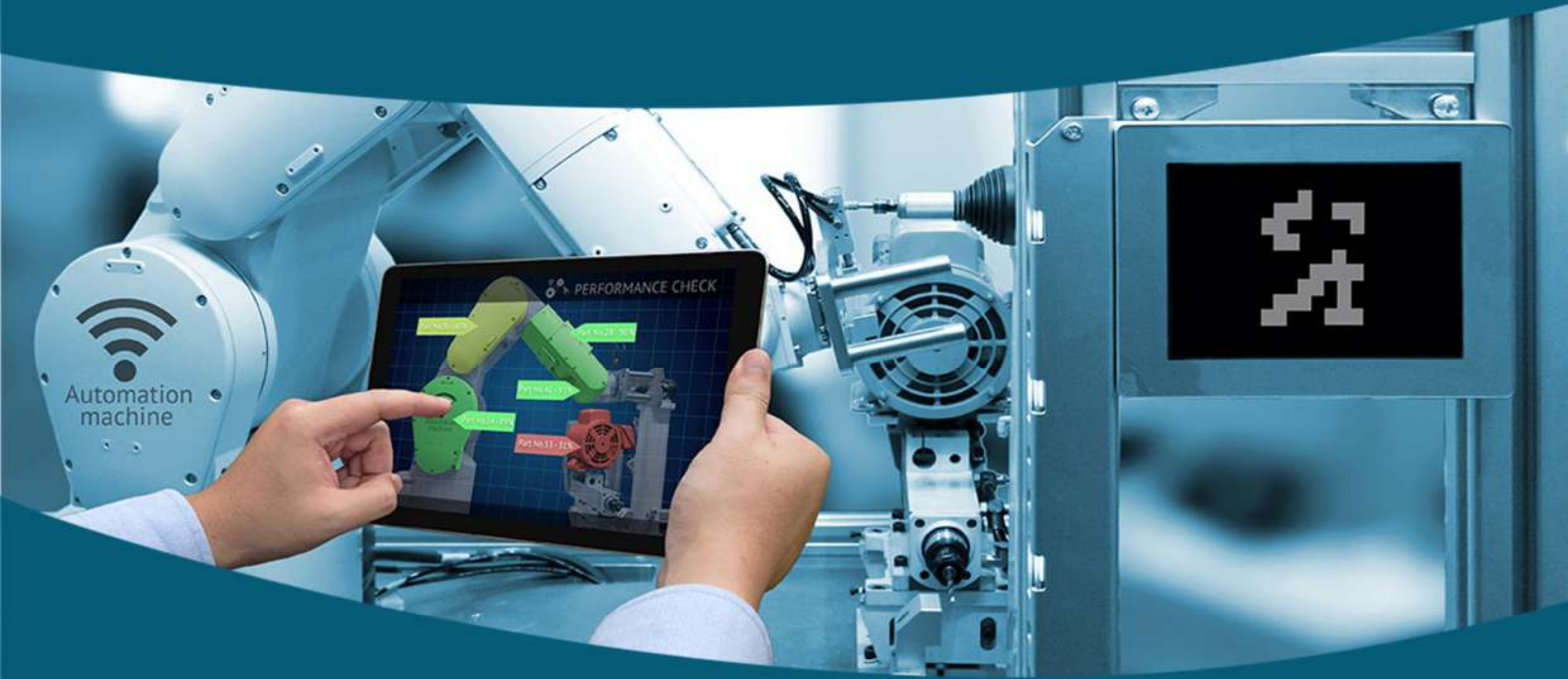
Italtel Brasil LTDA, a company operating in Brazil, owned 93.66% by Italtel Latam Srl. and 6.34% by Italtel B.V. The company's purpose is to perform manufacturing and/or sales activities and installation in the electro-technology, electronics and information technology sectors - particularly in the field of telecommunication equipment and components - as well as in related and similar fields.

AUSOITALTEL S.A. (Ecuador), a company operating in Ecuador, owned 99% by Italtel Latam Srl. and 1% by Italtel B.V. The company supplies customers, both public and private, with services related to telecommunication networks and systems, TLC, and IT.

Italtel Perù SAC, a company operating in Peru, owned 90% by Italtel B.V. and 10% by Italtel S.p.A. The company's purpose is to perform manufacturing and/or sales activities and installation in the electro-technology, electronics and information technology sectors - in particular, hardware (soft switches) for telecommunications and software for networks and service providers, as well as any equipment for integrating telecommunication systems (e.g., switches, routers, etc.). In addition, the company may provide the services necessary for the operation of TLC/IT networks.

Italtel USA LLC, an American company with Italtel S.p.A. as the sole shareholder. The company’s purpose is to perform all activities that are permissible for a limited liability company in the state of Florida.

Italtel de Chile SpA., a company with a sole shareholder, Italtel Latam Srl. The company provides telecommunications and IT services, as well as software programming for telecommunications and IT.



Innovation

The foundry of ideas

Innovation Lab

Innovation to explore and construct new business opportunities

Innovation Lab it 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 accademics and research, which has led to the activation of various prejects with the main Universities of Apulia (Polytechnic and University of Bari, University of Salento), of the 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 eploit public contributions, creates innovative technologies and solutions to he transferred to company production areas and enriches the company’s wealth of knowledge, contributing to creating new distinctive competencies.

Forging the future

Research and innovation

Italtel has been engaged for many years in research projects aimed at driving the internal innovation process with the primary objective of analysing and testing new technologies and solutions that can be quickly adopted in products under development, based on indications from customers and the market.

Italtel's history is linked to innovation in the field of telecommunications. One of the first companies in the world to develop VoIP (Voice over IP) technology, today it is positioned in the most advanced segments of communication. Italtel's current research focuses on the development of innovative products and solutions for the convergence of voice, data and video on broadband networks and on guaranteed service quality.

To maintain its position in a market that is in constant transformation, often including disruptively, Italtel also evaluated the idea of developing its business as a system without borders, with an open collaboration model, interacting with emerging and creative start-ups and entities. Therefore, Italtel has given itself the mission to adopt the Open Innovation paradigm, which mitigates the principal risks associated with innovation strategies that use only "internal" resources: high costs, long time-to-market, and need for various vertical skills.

Industries

A winning offer in every market

Banking, Finance & Insurance

Digital progess 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, the strategies on which the key players in the market compete are linked not only to technological innovation but, at the same time, the need to simplify and automate, as well as the need to expand their offer with high value-added services. On all of these three strategies, the Exprivia|Italtel Group now has the best assets in terms of the offer, know-how, and geographical presence to be able to skilfully support its customers in these areas.

We offer our customers products, solutions, and services:

- related to network infrastructures, re-engineered using virtualised logic (NFV and SDN) and with logic that allows access to broadband fibre and LTE/5G;

- to simplify and automate networks and support processes, their monitoring, and automation in DevOps logic;

- to manage and optimise business processes;

- for cloud integration of B2B applications dedicated to specific market segments.

A tangible example, unique for Italian Telcos, is Exprivia Italtel's NFV/5G lab designed to analyse and compare different NFV/SDN/5G architecture solutions, verify interoperability among different technologies and vendors, and accelerate the adoption of orchestration and automation methodologies, processes and solutions. In addition, the initiative enables the delivery of innovative cloud-ready solutions to specific vertical markets (e.g., IoT, e-Health, Smart City, Industry, etc.).

Thus, we are the best partner for service providers for Telco media providers and manufacturing companies to better support their business in programmes for technological innovation and automation and enriching the B2B offer.

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 heterogenous 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.

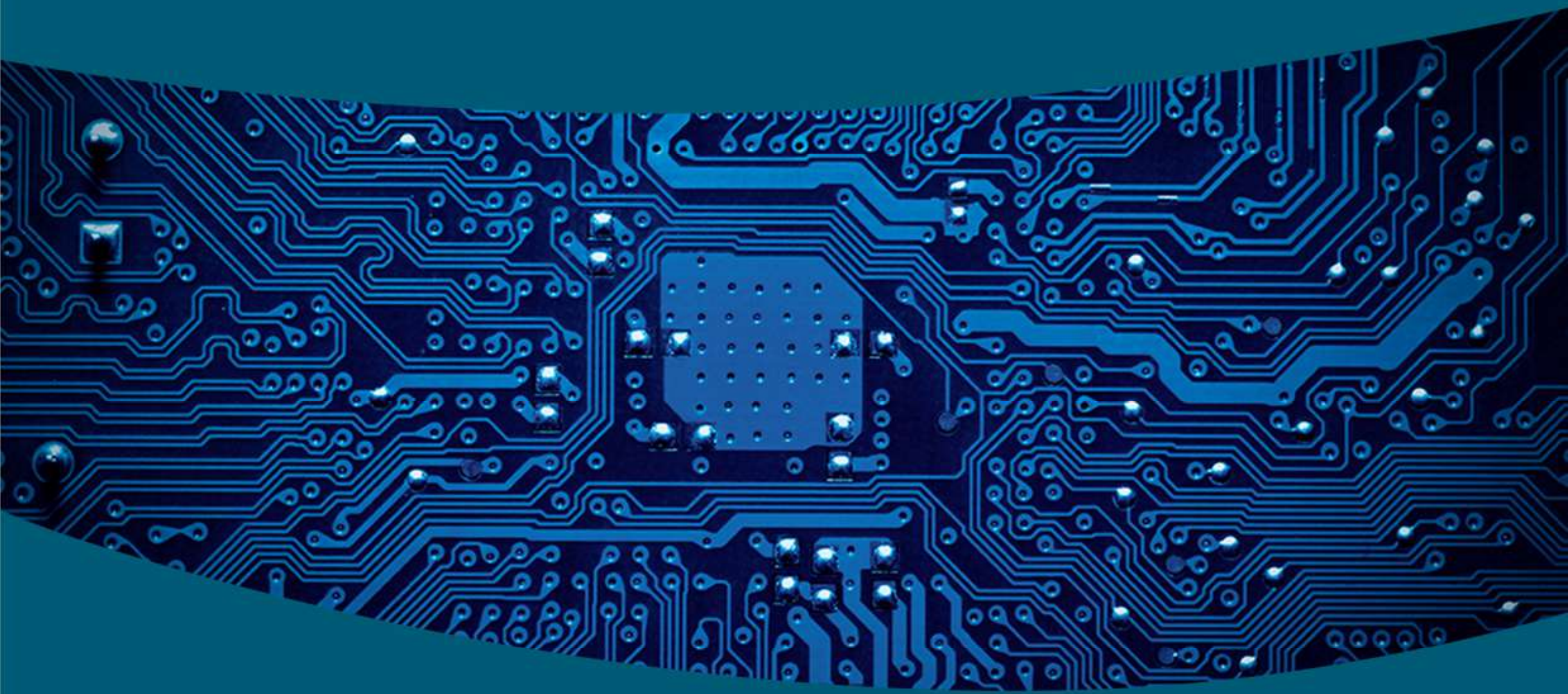
Public Sector

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.



Expertise

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 & Contextual Communication

The immediate future of things

Today, the web has a complementary network: 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 areas 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. The key areas in which we are developing competencies are:

- Industry 4.0 (solutions for the interconnectivity of production machines with IT systems, to increase worker safety, track assets, and for predictive maintenance);
- Digital Healthcare (solutions for remote support for chronic, fragile patients or early hospital release procedures);
- Smart Cities (solutions for energy management for buildings, for monitoring the structural stability of bridges and viaducts, and smart metering);
- Smart Grid (solutions to modernise the electricity grid).

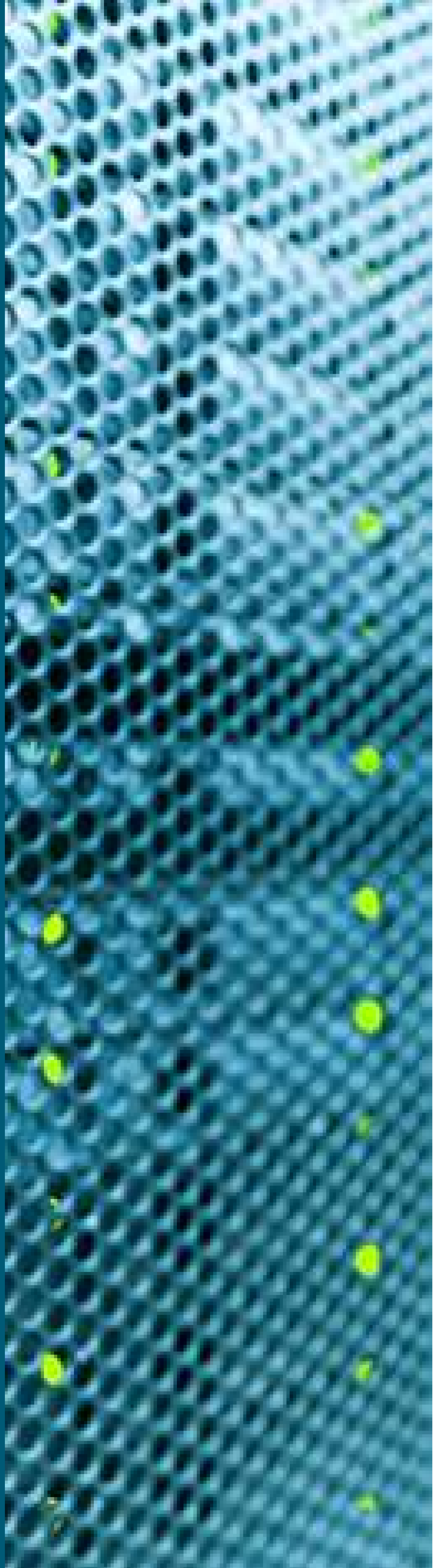
IT Security

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 technology tools and solutions to provide security that can protect them from operational risks, attempted fraud, data theft, information leaks and similar events.

We have the experience and technological skill required to act as a “global” partner for security, capable of working alongside the customer with flexible deliverables ranging from consulting to integration and the management of dedicated services, through operational centres to meet security needs at strategic, technological and operational level.

Our skills in the field of data protection include technologies to protect the business perimeter (firewalls), to protect content (email, web), to control access, to protect data centres, to protect operator networks (against DDOS attacks, etc.) and for mobility. Our offer catalogue also includes ethical hacking services (vulnerability and penetration tests) and compliance with standards and laws (such as GDPR).



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.

BPO
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).

Network Transformation

Modernise infrastructures of Telco operators

The term “Network Transformation” mostly refers to solutions that allow the evolution of real-time services (voice, video, etc.) offered by telephone operators toward infrastructures revised according to a convergence approach, complete with IP protocol.

Our skills in this field are rooted in the history of Italian telecommunications and are reflected in the ability to develop original products, as well as in the ability to integrate complete solutions by combining the best third-party products to support the digital evolution of Telco operators.

We are actively working on the evolution of the peripheral elements of the network (interfaces between operators and between operators and client businesses), in centralised signalling and routing functions, and deployment of cutting-edge IMS solutions.

We have also developed expertise on NFV (Network Function Virtualisation) and SDN (Software Defined Networking) technologies, which allow operator networks to become more dynamic and agile.

Network Service
& Business Management

Automate to accelerate

Telco operators need to extend their catalogue of services by leveraging new technologies and experimenting with new business models with the adoption of self-service portals that provide users services on demand, with the relative automatic configuration. This requires that objectives are reached associated with operational efficiency and agile management of the life cycle of network services. Telco's Digital Transformation is increasingly building on the concept of OSS (Operation Support Service) Transformation, to support Network Operations in maximising efficiency.

By using NFV and SDN technologies, networks can today be operated with an automatic correlation between "Assurance" and “Fulfilment" procedures; in other words, our skills enable scenarios in which measures and alarms detected on the network are immediately used to reconfigure it and/or instantiate new functions.

We have also developed skills in advanced analytics solutions (including data science methods) that can help improve customer experience and reduce churn rates.

People Collaboration and Costumer Relationship

Collaboration is the key to all success

These are all the tools that improve collaboration between employees within a company and interaction that each company may have with its customers.

For several years, we have been operating successfully on architectures, including on-site UC&C (Unified Communication and Collaboration) solutions (telephone switchboards enhanced with additional services that allow video conferencing, including on the web, and tools for service quality control), UC&C Cloud solutions provided by the telephone operator, as well as Contact Centre and Proximity Marketing solutions.

We have expertise in the design and implementation of all customer IT application environments, with particular reference to UC&C applications and Customer Engagement scenarios. Activities include IT operations and application migration.

Data Center
& Virtualization

We build natural habitats for applications

Data Centres are presently the cradle of digital innovation in companies. They play an important role in enabling rapid deployment of IT applications, opening up the possibilities of the Cloud, and virtualisation of network functions.

We currently have all the necessary skills to implement, manage, and maintain the most modern Data Centre infrastructures, based on the concept of integration between computing, storage, and networking layers.

Our expertise extends to the ability to design and implement disaster recovery architectures that ensure business continuity in all situations, energy monitoring of data centre architectures, automated centralised provisioning, and the migration of IT applications.

IP Network Infrastructure

All for Internet, Internet for All

This refers to the entire collection of technology solutions that range from operator networks to enterprise networks, with a particular focus on mobile and wireless networks.

As for Telco operator networks, over time we have developed skills related to the convergence between IP networks and optical networks and on mobile operators' infrastructure components.

For private networks, we have broad competencies in designing and implementing wired and wireless convergent solutions, Private LTE solutions, and on services for refreshing corporate networks.

We have experience in simulating and measuring Customer Experience, SDWAN technologies, and Deep Packet Inspection (DPI) solutions.

Managed & Advisory Service

Managing networks is a question of experience

Increasingly, for Telco operators, large companies and public administration entities, outsourcing the management of their IT infrastructure has become an effective business model capable of bringing significant cost reductions and increases in service quality.

Today we are able to make available to our customers the broad range of experience and knowledge accumulated over the years, managing IT networks and infrastructures for third parties and providing specialist consulting and engineering services.

We have expertise in an exceptionally large number of technologies from different network device vendors, for which we are able to offer technical assistance services that provide for the maintenance and repair of equipment for all different technologies.

Project management skills are also important, supported by a broad array of certifications (ITIL, Prince2, and PMP).

UltraBroadBand Design

In service of the country's digital development

The Italian government's Ultra-Broadband Plan is giving an important boost to the digital transformation of our country. It represents the most important large-scale deployment of UBB FWA in Europe.

During 2017, we carried out significant investments through Italtel to develop the skills necessary to execute the Ultra-Broadband passive network design contract, in the C&D Cluster, within the Infratel tenders that were assigned to Open Fiber.

Thus, Italtel is developing skills that are unparalleled within Italy on the civil and optical design of the passive fibre track and the wireless network in Fixed Wired Access (FWA) technology.

Corporate

Social Responsibility

Environment, health, and safety

Exprivia is an IT services company, whose production processes have labour-intensive characteristics in which the human production factor is more prevalent than machinery. However, the company is highly sensitive to workplace health and safety and environmental issues, in particular, problems posed by global climate change.

The company is aware that, in order for any forward-looking corporate responsibility strategy to be effective, it must include activities aimed at assessing environmental impact, so that it can act in a manner that ensures maximum respect for the environment. For this reason, Exprivia has developed a procedure to identify the main impacts of the business processes, infrastructures, and facilities used, while at the same time monitoring the environmental performance of its headquarters in Molfetta. Since 2006, Exprivia has understood that the implementation of an Environmental Management System (EMS) would allow it to meet the above objectives, as well as facilitate compliance with current environmental legislation and continuous improvement of its environmental performance.

In addition, Exprivia Group has always been committed to developing and promoting protection of workplace health and safety. The Group recognises the fundamental importance of protecting health and safety and ensures the protection and well-being of employees and third parties in all activities at their workplaces. Through a system of prevention and protection that is deeply embedded in all offices, Exprivia Group has achieved significant results over the years, including increased employee awareness of the issue of safety, a significant reduction in accidents at work, and prevention of occupational illnesses.

Performance of Exprivia

Group Results

The performances by market are indicated below, with a view across the two Operating Segments into which Exprivia Group is organised.

Banking & Finance

The Exprivia Group's Banking, Finance and Insurance market saw a growth in the second quarter of 2019 compared to the first. The sector dynamics have certainly had an impact on performance, but it is to be noted that this result derives also from a precise choice, particularly in the Digital Infrastructure sector, to prioritise the development of the high added value services sector over the resale of HW and SW.

With regard to the sector dynamics, some elements of uncertainty at macroeconomic level remain in the market such as the USA-China tariffs, whose effects have now started to also be felt in Europe; however, the macroeconomic scenario has recorded some encouraging signals which have to a great extent contributed to generate a positive approach to spending in our main customers. The setting of budgets has allowed large banking and insurance groups to start some interesting initiatives that see the Exprivia Group be regarded as a reference player. These relate typically to corporate restructuring and therefore incorporation or merger operations as well as projects typically linked to the development of digital transformation or the development of internal IT architecture. We have therefore observed a recovery, compared to the first quarter, in the **Business Process** sector which therefore returned to be in line with the 2018 performance while, in the **Digital Infrastructure** sector, this resulted in a slight contraction.

An analysis of the slight growth in overall performance compared to the 2018 results of the vertical Business Process component in our offer reveals a perfect correspondence with the described sector's market dynamic, as follows:

- Confirmation of the 2018 results in the **Finance** sector, completely recovering the delay in the first quarter. The recovery of customers' purchase planning and the start of significant operations in the regulatory sector was crucial, as was the study for projects on future corporate mergers, which might involve interesting implications also for the second quarter.
- A slightly negative growth, which was anticipated in the budget, was seen overall in the **Credit, Risk Management & Factoring Solutions** area. In addition to solutions in support of the definition of creditworthiness and the regulatory adjustments, the half year period was characterised by significant confirmations in the Factoring sector, facilitated by the ongoing evolution of Full Outsourcing services starting with the proprietary IT platform.
- There was an overall growth in **Analytics, Customer Experience, Cyber Security and Insurance Solutions**. The Analytics and Customer Experience component was significant in the achievement of this result.
- In the **Digital Infrastructure** sector, revenues showed a contraction compared to the previous financial year, even though they were up compared to the first quarter. An increase in margins compared to the previous quarter was also recorded. This is the positive confirmation received from the market with respect to the diversification of the offer, compared to the model based mainly on the resale of HW/SW, which has led to the start of significant consultancy-type collaborations, with particular focus on **Security Infrastructure**, with significant groups operating on international markets.

In conclusion, a half year period where the second quarter not only allowed for a recovery in the delay recorded in the first quarter, but also laid the bases for improving developments in the second half of the year in the various competitive sectors.

Telco & Media

The Telco sector in Italy is experiencing a particular time. On the one hand, it looks forward to the start of the 5G era, which opens the door to great opportunities for the more pervasive use of technology while on the other it requires enormous investments by Operators in terms of the necessary infrastructure. After two years of slight recovery in the market, operators are again experiencing a contraction in revenues, which is forcing them to review their plans for investment in new technologies. In consequence the main global players in the telecommunications market have reviewed their main objectives in this first half of the year to protect themselves from competition and from negative growth in their business by planning the necessary developments to prepare their networks for 5G services, which remain a priority for those who have been awarded the necessary frequencies for the launch of services.

The growth of UltraBroadband customers continue in the overall market, even though this growth rate is lower than it had been anticipated. In the domestic market this pressure on investments as well as expenditure reviews have resulted in a very marked attention to the expenses to be incurred which, however, become essential for operators.

In this context, the Exprivia Group shows a reduction in revenues on the domestic market, produced by the events summarised above, which are at the root of the drop in revenues observed at consolidated level compared to the correspondent period in the previous year. In particular this reduction is particularly marked on the main customer which has led to a review of plans to the start of important infrastructure projects. In the overall scenario, however, the role of the Exprivia Group has been confirmed as one of the preferred main players in terms of competence and innovation to whom assign strategic digital transformations projects for the improvement of one's own offer and competitiveness.

In this market scenario, the principal segments on which the Group positions its offer are:

- VOIP (Voice over IP) and IMS (IP Multimedia Subsystem) Segment, which identifies the market of the main elements of the telecommunication network within the core and border networks.
- **NFV** (Network Function Virtualization) and **SDN** (Software Defined Networking) Segment, which, for Italtel, is specially focusing on some virtualised network elements and the development of SDN solutions of software platforms of international vendors, with special reference to Cisco Systems.
- **Network & Service Management** Segment, focused on the smart and rapid management for network control, which was traditionally assigned to OSS and BSS platforms, but is currently evolving towards systems that are more integrated, flexible and rich in functions (NFV-MANO).
- **IP Data Networks** Segment, to construct multi-service networks with a developmental usage approach for virtualisation standards (SDN and NFV) and new wireless technologies (4G/5G and Wi-Fi).
- **Unified Communication and Collaboration** Segment, which identifies real-time communication platforms that integrate voice, chat, presence, extension of mobile services, web and video conference, as well as desktop sharing.
- **Internet of Things** Segment refers to the market generated by applications and services that exploit the interconnectivity of smart "objects" that are able to dynamically provide and exchange data and the architecture that collects, analyses, processes and exports the information received. In this segment, the Group has defined a suite of solutions for Industry 4.0, i.e., creation of converging networks to support industrial automation, able to interconnect all production machinery and systems, ensuring the highest levels of security and monitoring of production lines that is smart, fast, and precise.
- The **Cyber Security** Segment, which includes the aggregate technologies, processes and services aimed at the protection of systems and IT data in terms of their availability, confidentiality and integrity.

Energy & Utilities

As at May 2019, the latest available data, oil consumption in Italy amounted to around 24 million tons, with a decline of 2% compared to the correspondent period of 2018. Transport fuel consumption increased by around 12.7 million tons, a decrease of 0.3% compared to the same period of 2018.

The Italian data is in line with analysts' forecasts relating to the trend in energy demand in Europe: global oil consumption is forecast to grow by around 11% by 2040, but this growth will be mainly focused in non-OECD countries. Oil consumption in Europe is forecast to reduce by 15% by 2040, while the figure for the USA is forecast to remain stable. Natural gas and renewable energy are however forecast to experience a higher growth.

As of April 2019, the latest available figure, national production of natural gas decreased by almost 7% compared to the correspondent period of 2018 (source: MISE) compared to an increase in internal consumption of 1.4% compared to 2018 (imports and use of existing stock have increased).

In this uncertain scenario, the main Energy Companies have started transformation programmes to adapt their own business models to the new market landscape, also promoting ICT investments. The strategy adopted relates to the integration of operating processes and the use of new technologies to increase the efficiency of the value chain.

In the first half of 2019 the Group Exprivia recorded a growth compared to the correspondent period of 2018, confirming the trend of the last 12 months.

Planning activities attributable to transformation processes for main Customers have supported growth, in particular in the industrial production and logistics sectors in which the Exprivia Group is involved with innovative projects that involve some of the most recent technologies (3D modelling and scenario adaptation, Man Machine Interface, IoT).

The positioning of the Group in the Utilities market saw a consolidation of the company with the big players in the Italian market, meeting multiple innovative ICT needs pursuing, in addition to the consolidated internal R&D approach, also open innovation as a model to accelerate its own ability to develop distinctive market solutions such as: **Security Infrastructure**, **IoT**, **Cloud optimization and migration**, **Enterprise Asset Management**, **Social Media and Web 2.0**, **Artificial Intelligence** and **Robot Processing Automation**.

The results of the first half year of 2019 highlight the good improvement of revenues both with respect to last year and to forecasts, and show a growth in profitability compared to the previous year, with a probable acceleration in volumes in the second half of the year and a good mix of the professional services and supplies components.

BPO activities, and in particular **Front Office and Backoffice Customer Care**, have led to winning a significant contract from a primary company in the Energy market.

Aerospace & Defence

During the first few months of 2019, the final negotiations were concluded for three important open competition tenders submitted at the end of 2018. Two of them relate to multi-annual service agreements with primary aerospace companies.

Numerous proposals were made in the first half of 2019 to the main customers of the Exprivia Group, noting an increase in competition which makes it more difficult to find the right balance between technical solution, partnership strategy and price.

With regard to direct negotiation opportunities, contracts were signed for the maintenance of the Sentinel-3, of the APF system for the Aeolus mission and lastly for the VIP system of the Veµus mission.

The number of improvements in existing contracts, relating to operation and engineering support activities, remains high. While on the one hand these activities continue to support the achievement of the 2019 budget, on the other hand they drain productive and accounting resources. The adoption of Cloud technology opens new opportunities in the applications development of existing contracts with the main customer.

An increase in opportunities in the reference market and with historical customers was recorded in the first six months of 2019, and these are also forecast to grow in the second half of the year.

Revenues for the first half of the year are in line with the 2019 budget estimates.

Retail & Manufacturing

The Italian manufacturing market maintained a slightly positive growth trend in the first few months of 2019 as well. However, this market is influenced by two factors related to technology and applications that differ with respect to the past: the importance of Cloud-based solutions and innovation linked to Industry 4.0.

Businesses use loans and tax subsidies to renew their production facilities, but generally are not taking on process innovation and application solution projects, as they are concerned about choosing the right path and have difficulty assessing the return on investment.

Software vendor strategies have now converged towards a “hybrid” or exclusively “cloud” offer, which requires a review of business ICT architectures, and cloud solutions which simplify implementation processes and as a result the correlated services.

Commercial activities will focus primarily on supporting large customers in updating their infrastructures, data centres and collaboration network needed to implement digital transformation that all companies must undertake in the context of Industry 4.0.

It is also important to note that System and Application Management services are competitive, attracting interest.

In this scenario, the offer is mainly based on ERP, SCM, and Analytics solutions, on the SAP platform, increasingly integrated with field and IoT systems and network and security infrastructure.

Transportation

The trend in the transport market analysed by the Economic Transport Observatory - Confcommercio-Conftrasporti in the last two quarters of 2018 recorded a slowdown in investments.

On the other hand, we have experienced a strong drive in the Italian intelligent technologies market for transport (ITS) which is worth Euro 1.5 billion (2014 data), a value that is three times the level of 2004 (Euro 550 million), with an average annual growth rate of 13.8% from 2017. Top of the list, in terms of turnover, are connected car technologies, followed by traffic control and management systems and info-mobility.

The railway market continues to benefit from large investments. The flagship company, Gruppo Ferrovie dello Stato Italiane, dominates the sector and incorporates RFI, the company responsible for the overall management of the national rail network.

Invitations to tender are expected from the Ferrovie dello Stato group which will characterise investments for the next five years in terms of technological innovation.

The market is dominated by large Groups with aggregation dynamics (Big to Big - Big to Medium/Small) in constant development, especially linked to aspects of merger/transformation of operators in the sector.

The Exprivia Group’s positioning on the railway market sees a consolidation of the company’s positioning in the areas of Videocommunication, IT and ICT SAP services.

The airport market shows a trend of new investments in the next few years, in the area of technological innovation linked both to the Business and Operations world.

At present the Exprivia Group is active, with on demand activities for customisation of airport applications and the Cisco products system integration. We are working proactively in particularly in the Security sector to put forward new solutions, in particular in connection with Cisco Stealtwatch.

We are expanding our partnerships with strategic actors, active in the airport market, for the proposal/participation in tenders in the airport sector.

The road transport market, regulated by tenders, is characterised by a constant internal need for greater efficiency of processes and infrastructure security, which impacts on the ICT, IoT and network infrastructure investments.

The Group is present through framework agreements for the provision of professional services. We are working to increase demand for these services, in order to maximise the use of current framework agreements, and on the positioning in the infrastructure and IoT areas.

We are proactively putting forward solutions in the IoT and infrastructure safety areas. We are supporting customers with the provision and implementation of Cisco solutions in the area of Security.

Revenues for the first half of the year are in line with the 2019 budget estimates.

Healthcare

The Healthcare market continues to be characterised by the trend to concentrate demand at regional level which has offered the opportunity to start a series of digital transformation projects for the transfer at central level of a series of otherwise fragmented processes in the various entities of the regional healthcare system. In this context, Exprivia Group is managing to broaden its market scope and order portfolio.

The trend for the widespread availability of new technologies and new solutions that increasingly integrate products into more complex platforms continues. Therefore, the positioning of Exprivia Group in this scenario evolves from IT solution provider and system integrator to full player, extending it to the areas of physical, cloud and security infrastructures.

The market has shown a good recovery in investments in the regions subject to financial recovery plans where the combined provisions of the availability of European funds and the activation of Consip conventions has generated the acceleration in the procurement processes with the start of important Digital Transformation projects.

In this market context, in the first half of 2019 the Exprivia Group experienced a performance in line with that achieved in the same period in 2018, with substantially stable revenues.

Public Sector

The Three-Year Plan for IT in the Public Administration has yet to produce significant results and has so far produced only a modest recovery in investments. Indeed, the plan defines the reference model to develop Italian public information technology and the operational strategy for digital transformation of the country in terms of evolving the information systems of the PA: digital ecosystems, physical and intangible infrastructures, security, and interoperability. The large central agencies and the regions, as aggregators for local administrations, are starting procurement procedures to build infrastructures and digital ecosystems. In this scenario, data centre consolidation, cloud development, cyber security, interoperability of systems/applications, big data, web services and the application development of the “digital citizen” are the main drivers of the change programme underway.

In the first half of 2019 the public sector continued with the policy to rationalise ICT expenditure with greater use of Consip purchasing tools and regional commissioning bodies working on behalf of multiple public administrations that allow economies of scale based on aggregated demand and, lastly, with the drive to purchase cloud-based services. The increasing reuse of software made available in Agid catalogues by the proprietary administrations, as well as the use of central services such as NoiPa, are an important consideration. The recent “Sblocca Cantieri” decree, which envisions the expansion of the autonomy of local public expenditure and which could therefore lead to a redistribution of public expenditure in the medium term, with the subsequent slowdown in the concentration processes demanded by the 3-year plan, are an element of discontinuity with respect to the 3-year Plan itself.

The Exprivia Group, which today provides process, application and infrastructure expertise, is able of autonomously develop highly complex, large-scale projects with a high degree of competitiveness and market penetration and therefore, it represents one of the main players for the digitalisation of Italy’s national system. The territorial distribution of expertise also guarantees a level of flexibility such as to allow quick adjustments to the fast evolution of the purchasing model depending on the particularly variable regulatory environment.

The positive results of the first quarter, achieved thanks to the important orders portfolio gained in the previous tax year, were confirmed in the second quarter when, thanks to the acquisition of new orders, the results showed a significant increase in revenues compared to the same period last year and project a growth as at the end of 2019. In a scenario of a substantial static market, the Exprivia Group confirmed therefore to be able to expand its market scope; the volume of new opportunities opened demonstrate commercial activities aimed at acquiring new customers and new market areas and, in parallel, a continuing management of existing customers with the objective of maintaining and increase the volume of system integration, system and application management services.

International business

Political, macroeconomic and financial issues, particularly apparent in Latin America, continue to slow down the global ICT market development as well as investments, especially in some countries. These elements translate into strong price pressure in the Service Providers market and stagnant revenue trends. The “corporate” market however maintains its dynamism, primarily spurred by new technological drivers and new types of digital transformation solutions, although there has not actually been an appreciable rise in volumes yet.

The positioning with respect to a primary customer in the Energy sector has become structural in all the countries in which the same operates, also thanks to its subsidiaries (in particular Spain and Latin America), through the participation to tenders (local and regional), some of which have already been granted.

France and Belgium HUB: in France the Service Provider market is slowly decreasing in terms of volumes and the new commercial policy focused on the Enterprise audience, based on virtualisation and automation solutions for IP networks, is finally starting to produce some results.

Germany and Poland HUB: the traditional Service Provider customers to whom expertise on network and virtualisation of the same are being marketed showed a slight delay in the implementation of projects. The new expansion policy for customers of the Regional Service Providers has achieved its first success with the signature of a LOI with the customer PlusNet. Some Proof of Concept activities in the enterprise segment have started in the second quarter, including that with the Cardio Centro Ticino (Switzerland) for a tele-monitoring system.

United Kingdom: the implementation phase of the Routing Database project continues with a primary customer, with technical activities and an increase in commercial activities also anticipated throughout 2019.

Spain: the Spanish economy has experienced good growth and represents the right scenario for the Digital Transformation projects object of the new Exprivia Group’s offer. In particular, the phase of implementation of the Core network of the customer Masmovil (iRPS platform) and autonomation with Telefonica de Espana (NSO/WAE platform) continues.

Argentina: with the growing uncertainty relating to the results of the national electoral campaign, the financial and political crisis continues to be very strong, with devaluation of the Argentinian Pesos and hyperinflation which has frozen most investment plans on the part of enterprises. In this difficult situation, in addition to trying to maintain the position achieved in the past, attempts have been made to position the Exprivia Group also with respect to new customers in order to be ready to take advantage of new opportunities when the market starts to improve again.

Brazil: consolidation and differentiation activities have continued for engineering services for the corporate market, while confirming the current positioning in infrastructure projects (DWDM, IP backbone) with particular focus on the improvement of profitability.

HUB Peru and Ecuador: the acceleration on Digital Transformation projects both in the areas of Service Providers and Enterprise (banking, energy, health, etc.) and Public Sector has continued, where, for example, a significant commission was won for the Pan-American Games which will take place in Lima in 2019 and a project based on facial recognition in the MEF area.

Colombia: the innovation policy of the newly elected government continues, focused on issues relating to digital transformation in the areas of education, healthcare and business (a strategic partnership has been finalised in this area with Cisco). The digital transformation solution business continues (Cisco collaboration projects have been acquired both with Coosalud and TigoUne with the HCS/Broadsoft cloud platform).

Mexico and Guatemala: critical elements in the positioning in Mexico have not yet been completely resolved and commercial activities continue in order to expand in the ERP area as well as in the Healthcare market.

China: the Chinese market continues to grow, although at a slower pace than in the past due to the tariff war with the United States, which is intensifying. Within this environment, the Exprivia Group maintains its position in the market of IT infrastructure and ERP solutions, especially amongst Chinese companies belonging to European groups.

Risks and Uncertainties

Internal Risk

Risk related to dependency on key resources

Exprivia is aware that the success of the Group mainly depends on the skills and the professionalism of its workers. In addition to the executive directors of the Group and subsidiaries, the Exprivia Group also has senior managers with many years of experience in the sector who play a decisive role in managing the operations.

Precisely for these reasons, many years ago processes were set up to map and develop certified skills, thereby reducing the risk that the skills of certain key figures might become obsolete and increasing the Group's ability to attract leading figures with a proven record for innovation.

The programme for building loyalty and keeping the most skilled and deserving resources continued through Performance Management schemes, which include systems for rewarding key resources in the organisation.

Risk related to dependence on customers

The Exprivia Group provides services to companies operating in different markets: Banking & Finance, , Oil&Gas, Telco&Media,, Utilities, Industry, Aerospace & Defence, Healthcare and Public Sector.

The revenue of the Group is well distributed over a broad customer base but, nevertheless, the withdrawal of certain leading customers from the portfolio could have impacts on the economic, capital and financial situation of the Exprivia Group.

Risk related to contractual commitments

Exprivia Group develops high-value solutions with a high technological content and related underlying contracts may provide for the application of penalties for compliance with stipulated terms and quality standards. The application of these penalties could have negative effects on the economic and financial results of the Exprivia Group.

The Exprivia Group has, therefore, stipulated insurance policies with leading insurance companies, considered adequate to safeguard itself from the risks arising from professional liability (the policy covering "all IT risks"). Should this coverage be insufficient and Exprivia Group be required to pay for damages amounting to higher than the limit stipulated, the economic, capital and financial situation of Exprivia Group could suffer significant negative effects, in line, in any event, with risk parameters for the sector.

Risk related to internationalisation

In its internationalisation strategy, the Group could be exposed to typical risks deriving from performing business at an international level, which include changes in politics, macro-economic outlook, taxation and/or regulations, as well as currency variations. Nevertheless, the Group is considerably active in foreign markets, where country risk is considered under control and minor.

External Risk

Risk arising from the general conditions of the economy

The Information Technology market is naturally linked to trends in the economy. An unfavourable economic phase could slow demand, with capital, economic and financial impacts. The Group has proven its ability to react, raising and maintaining the necessary profitability even in periods of stagnation in the global economy. The risks in this regard are related to the duration of this cycle and the number of variables connected to the national and international political-economic system.

Risk related to ICT services

The ICT consulting services sector in which Exprivia Group operates features rapid and profound technological changes and constant evolution of the composition of professionals and skills to bring together in creating services, together with a need for constant development and updating of new products and services.

Exprivia Group has always been able to anticipate these changes, and be ready for the needs of the market, including because of substantial investment in research and development.

Risk related to competition

Exprivia Group competes in markets consisting of companies that are typically rather large, hence, remaining competitive depends on economies of scale and adequate pricing policies. Exprivia Group mitigates this risk with continuous research and development, facilitated by the near-shoring centres of Molfetta and Carini, which provide access to professional skills that are always in line with trends in the sector, especially considering the proximity of universities and other centres of competence and the extensive collaboration with them.

Risk related to changes in legislation

The work conducted by Exprivia Group is not subject to any specific legislation in the sector.

Financial Risk

Interest Rate Risk

In 2016, Exprivia Group obtained a large, medium/long-term, variable-rate loan from a pool of banks; this is combined with other variable-rate and below-market fixed rate loans, the latter relating to funded research and development projects, as well as loans pertaining to Italtel Group issued following the transaction by Exprivia to acquire an equity investment in the share capital. The previous forms of funding are joined by the fixed rate bond issued to finance the purchase of the equity investment in Italtel Spa. Concerning variable-rate loans, the Exprivia Group has interest rate swap agreements or cap agreements to hedge the risk of fluctuating interest rates.

Credit Risk

Exprivia Group does not have significant concentrations of credit risk except for work carried out in the Public Sector, where delays are recorded mainly due to the payment policies adopted by public bodies. They often do not respect the conditions set forth in contracts but, nevertheless, they do not lead to the risk of bad debts.

Exprivia Group also manages this risk by selecting counterparts considered by the market to be solvent and with high credit standing.

All amounts receivable are periodically assessed for each individual customer, and they are written down when they are considered impaired.

Liquidity Risk

Liquidity risk is prudently managed by planning cash flows, financing needs and the liquidity of Exprivia Group to ensure effective adequate financial resources are available, by managing any surplus liquidity, and by opening credit lines where necessary, including short-term ones. In April 2016, the Group finalised a medium-term loan with a pool of banks, significantly reducing liquidity risk. The transaction for the purchase of the equity investment in Italtel Spa saw the refinancing of the company as an integral part of said transaction, having taken place on the one hand by means of the conversion of part of the bank debt into Participating Financial Instruments and on the other hand by means of the contribution of fresh capital and in conclusion the issue of new loan facilities.

Exchange Rate Risk

The majority of Exprivia Group's activities are carried out in the "Euro Zone", although the acquisition of Italtel Group has increased the volume of transactions carried out on markets subject to sharp fluctuations in exchange rates (e.g., Brazil and Argentina). This could represent a risk to be monitored. Again within Italtel Group, purchase transactions and, to a minor extent, sales transactions, are concluded in US dollars. For the purpose of reducing the effects of swings in the US dollar, derivative hedging agreements are entered into on this currency. In the financial statements, these derivatives are valued at fair value in accordance with international accounting standards.

Significant Events of the first half of 2019

On 29 April 2019, the ordinary shareholders' meeting of Exprivia SpA met on first call to approve the financial statements as at 31 December 2018. The Corporate Governance and Ownership Report, as well as the Remuneration Report, prepared according to Corporate Governance Code for Listed Companies promoted by Borsa Italiana Stock Exchange and the Consolidated Non-Financial Statement drawn up pursuant to Italian Legislative Decree 254/16, were approved during this meeting, and are available on the company's website, www.exprivia.it, in the Corporate/Corporate Governance/Shareholders' Meeting/Ordinary Shareholders' Meeting of 29-30 April 2019 section. The shareholders' meeting also approved the Long-term Incentive Plan, named "2019-2021 Performance Share Plan", aimed at enhancing value over the long term, while ensuring the alignment of interests between beneficiaries and shareholders. For details, please refer to the Information Document available for shareholders and the public pursuant to art. 84-bis, del Issuers Regulations adopted with Consob resolution no. 11971/1999. The shareholders' meeting also approved the Extended employee stock option plan linked to the performance-related bonus for 2018 based on financial instruments, as established by the second level trade union agreement of 13 November 2018, applicable to all Exprivia's employees, excluding senior managers and directors. The shareholders' meeting also approved the addition to the Board Of Statutory Auditors with the appointment of Mauro Ferrante as Permanent Statutory Auditor and Andrea Delfino as Alternate Statutory Auditor, as well as the appointment of Mr Stefano Pileri as Executive Director. The shareholders' meeting also approved the issuing of a new authorisation to purchase and dispose of treasury shares, pursuant to Arts. 2357 and 2357-ter of the Italian Civil Code.

On 6 June 2019, the company announced that the NFP/EBITDA parameter deriving from the data of the Pro Forma Consolidated Financial Statements as at 31 December 2018 relative to the issuer's Group, as defined in the Regulations on Debenture Loans commented at in explanatory note 17, stood at 3.0, lower than the 3.6 limit; for this reason, as required by art. 7 of the Regulations on the Loan, the annual interest rate for the period from 14 December 2018 to 14 December 2019 was reduced from 5.80% to 5.30%.

Transactions within Exprivia Group

On 14 March 2019 Exprivia's Board of Directors, after the resignation of the Executive Director Filippo Giannelli, co-opted Mr Stefano Pileri to serve as Executive Director, whose appointment of Director was confirmed by the Ordinary shareholders' meeting of Exprivia SpA of 29 April 2019 until the expiry date of the mandate of the administrative body with the approval of the financial statements as of 31 December 2019.

Subsequent events as at 30 June 2019

On 5 July 2019, the Company announced that the allocation of the 2018 performance-related bonus to the company's employees had been finalised. The total amount issued amounted to roughly Euro 0.5 million. Part of this amount was issued in own shares held by the Company for a total distribution of 30,000 shares.

On 11 July 2019 the Exprivia Group was granted a lot in the tender for the Front office service of Enel Energy. The contract has a duration of three years and consists of the provision of front office services for the commercial management of residential and business customers. Exprivia had already been awarded the contract for the same services in the 2016-2018 three year period.

On 1 August 2019 Exprivia SpA undersigned the contract for the acquisition of 20% of the share capital of the company QuestIT, specialised in artificial intelligence technology and applications.

Exprivia's Stock Market Performance

Exprivia shares have been listed on the Electronic Stock Market of Borsa Italiana (MTA - STAR segment) since August 2000 and on 28 September 2007 Exprivia was admitted to the STAR segment (high performance securities).
The share capital as at 30 June 2019 consists of 51,883,958 shares with a nominal unit value of Euro 0.52.

Stock Exchange ISIN code:	IT0001477402
Symbol:	XPR
Specialist	Banca Akros

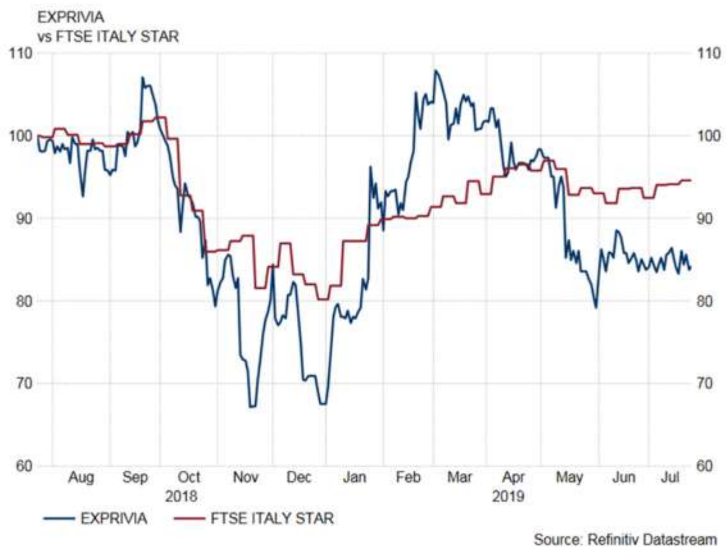
Composition of Shareholders

Based on the entries in the shareholders' register, as supplemented by instructions received in accordance with Art. 120 of the Consolidated Finance Act and available information, as at 30 June 2019, the shareholder structure of Exprivia was as follows:

Azionisti	Azioni	Quote
Abaco Innovazione S.p.A.	24.145.117	46,54%
Azioni Proprie Detenute	3.647.591	7,03%
Altri Azionisti	24.091.250	46,43%
Totale Azioni	**51.883.958**	**100,00%**

Stock Performance

The graph below compares the performance of the Exprivia share price with the FTSE Italia Star index in June 2019 and with reference to the twelve months prior to this date.



Business Outlook

The group closes the first half of the year with overall revenues in decline, in particular for the subsidiary Italtel, which has suffered the consequences of a decline in investments by TLC operators, mainly due to the erosion of margins in the sector subsequent to a growing level of competition and the absorption of resources made necessary by the acquisition of frequencies for the development of the fifth generation mobile network in Italy.

The analysis of the results for the TLC sector as at 30 June and the projection of the backlog at the end of the year make it likely that this situation will continue in the second half of the year in the absence of signs of a rapid recovery.

In consequence it is estimated that year end revenues and EBITDA might be contracting compared to the forecasts of the 2018-2023 Business plan made available to the market on 12 July 2018.

An in-depth analysis of the main assumptions of the 2018-2023 Business Plan is therefore necessary, which might lead to its review in the next few months, also with the objective of reviewing and reinforcing the integration project of the IT (Exprivia) and TLC (Italtel) components as a consequence of the revised market environment.

Investments

Real Estate

The Company's current head offices, located in Molfetta (BA), Via Adriano Olivetti 11, covers a surface area of about 15,000 sq. m. on which there is a complex of buildings (made up of five blocks, four of which are multi-story). All of these are office space and warehouses for a net total of approximately 7,500 sq. m. of office space.

The acquisition of the ACS Srl investment increased the Exprivia Group’s real estate; in particular, ACS owns the site in Rome, in Via della Bufalotta 378. The site is composed of two lots: the first, measuring around 1,250 sq. m. is owned by the company, the second, covering roughly 1,050sq. m., is used under a property lease, with the possibility of redemption at maturity in 2018.

Added to these are the real estate properties of Italtel in Settimo Milanese (MI) - Location Castelletto - Via Reiss Romoli, consisting of an Executive Center consisting of a manor house of the early twentieth century, a farmhouse used as classrooms and a Data Processing Center and two others small buildings, all for an area of 2,684 square meters covered besides the property located in Carini (PA) - Bivio Forest location consisting of an industrial complex that covers a total area of 116,700 square meters of which 38,000 square meters are covered.

Research & Development

The establishment of the MedITech Consortium was completed in 2019. The highly specialized MedITech Competence Center is set up in the Regions of Campania and Puglia in the form of a public-private partnership in response to the strategic guidelines of the MISE Call issued by DD 01.19.2018: Establishment of highly specialized centers of competence able to favor the transfer of technological solutions and innovation in processes, products and business models deriving from the development, adoption and dissemination of 4.0 technologies, in line with the framework of the interventions of the National Industry 4.0 Plan.

The highly specialized Competence Center is set up as a Service Center and is based on the federative structure of 8 Universities: Federico II University of Naples, Bari Polytechnic, University of Salerno, University of Bari A. Moro, University of Campania L. Vanvitelli, University of Salento, University of Sannio, University of Naples Parthenope. The Campania Region and the Puglia Region are working alongside the university institutions.

The aim of the competence centers is to carry out guidance and training activities for companies as well as support in the implementation of innovation projects, industrial research and experimental development aimed at the realization, by user companies, in particular SMEs, of new products , processes or services (or their improvement) using advanced technologies in the Industry 4.0 environment.

The center sees the participation of 148 companies; among these, in addition to Exprivia, there are companies of the caliber of: ABB, AtiTech, Ansaldo STS, CETENA, GeAvio, HEINZ, Hitachi, Magnaghi, MBDA, Mermec, Nestlè, TIM and Unilever.

The sectors of competence identified are above all automotive, aerospace, agriculture, pharmaceutical. The project concerns all the Industry 4.0 enabling technologies, to be transferred to SMEs and the territory.

The main investments on which Exprivia expressed its intention to operate within the Competence Center are solutions for:

- • Support for Maintenance Interventions;
- • the Occupational Safety;
- • the Company Brain;

- • the Intelligent Supply Chain;
- • Predictive Maintenance.

The evaluation process of the following project proposals was concluded with the definitive contracting:

BIG IMAGING: "BIG DATA" and Genomic Imaging for the development of innovative vector nano biomarkers and drugs for the diagnosis and therapy of inflammatory processes during dementia;

FINDUSTRY 4.0: with the ultimate goal of defining, implementing and providing a platform capable of offering technologies, ICT systems and skills, as well as a methodological support that enables the dissemination and adoption of technologies that enable digital innovation in the Italian manufacturing sector;

SI-ROBOTICS: The project aims to devise and develop new solutions in the field of ICT assistive robotic technologies, to support people in performing health care services, and to allow an acceptable quality of social life.

Lastly, Exprivia's participation in the European project ECHO (European network of Cybersecurity centers and competence Hub for innovation and Operations) is highlighted. The project intends to provide an organized and coordinated approach to proactively improve the cyber defense of the European Union, through an effective and efficient multisectoral collaboration. The partners will carry out a 48-month work plan to develop, model and implement a network of competence centers on cyber research, with a research and competence center at the project hub (Central Competence Hub).

The Central Competence Hub will be the focal point for the management of the study and implementation of methods, processes, use cases, cyber research infrastructures, aimed at the analysis and management of multisectoral dependencies.

The project will develop and operate within a governance model that will allow for coordinating and optimizing efforts within the EU network of IT security competence centers to provide lasting and sustainable excellence in:

- • development of skills in this field;
- • research and experimentation;
- • provision of technological roadmaps;
- • products certified for safety for greater resilience to computer security.

Management Training And Development

The significant changes caused by the opportunities deriving from digital transformation and the integration of the two areas of the Exprivia Group require a significant cultural and organisational change. Within this scenario, some of the most important challenges to be faced are without a doubt the enhancement of human capital, the management of skills and the development of new ways of working, to be deployed within the broader change of paradigm that is the digital transformation. The development of capacities and competencies and the creation of a workplace that offers everyone the same opportunities based on a meritocratic approach are just some of the drivers that the Exprivia Group is focusing on to achieve its ambitious growth objectives. Bonuses and recognition based on individual contributions and value constitute the underlying assumptions of the pay policy and the performance assessment system, in the same way that the quality of the selection process and the quality of the training process to improve existing business skills in addition to a significant focus on talent development, are all components of an increasingly innovative management model that the Exprivia Group aims to implement to attract qualified, motivated and engaged workers, to thus be able to support long-term value creation.

With respect to Training, in the first half of 2019 a total of 20,609 hours were provided (of which 1,564 in the offices abroad), with 7,415 participants. The total course hours can be broken down into 57% classroom hours and the remaining 43% online.

Training is planned at the start of the year and is continuously updated to make training investments effective and consistent with business objectives and company strategies. In this sense, the largest portion of the investment was for courses aimed at developing technical-specialist skills related to the offer innovation needs.

The main training path undertaken by the Exprivia Group in 2019, which will continue throughout the year, is DIGITAL JOURNEY.

This path involves the entire company's workforce and requires training activities focused on 5 training areas for a total of 12 courses. It consists of a metaphorical journey through self-learning areas, using e-learning methods and aimed at a type of learning that is both cognitive and experiential.

The Digital Journey programme (as at 30 June 2019) provided 3,437 hours of training to a total of 4,796 participants. The path is fully financed by interprofessional funds (Fondimpresa).

The remaining training programmes concerned the development of:

- **Specialised technical skills:** measures for developing technical knowledge and skills to support technological innovation and development programmes, through specialised training plans, also for the purpose of obtaining certification. These activities have significant relevance, in the belief that improving skills means raising the competitive advantage of the organisation. Training activities concerned primarily the development of skills in the following areas:
    - Data Management, with the provision of training programs on the Cloudera Hadoop platform, for the application of traditional data analysis and big data business intelligence techniques, and on the Oracle BI platform;
    - Machine Learning and Blockchain, the first aimed at training participants in the use of programming languages for data analysis; the second provides basic skills in the areas of blockchain and cryptocurrencies;
    - Topics relating to Data Centres, Wireless Networking, IP Telephony and Cyber Security on Cisco technology.
    - Security with the preparation course for the CISM certification exam (Certified Information Security Manager) of ISACA.
- **Management skills**: aimed at the improvement of organisational conduct for the development of professionalism. Training activities concerned primarily the development of skills in the following areas: IT Governance and Management, with the provision of courses in the areas of Certified Business Analysis Professional, Project Management Basic, Certified Associate in Project Management (CAPM) and ITIL Foundation, all aimed at the achievement of the relative certifications. An Executive Master in Marketing course was also launched for learning of strategic marketing and marketing mix skills.
- **Language skills**: e-learning (FAD platform) training courses have been created to boost the (English) language skills of personnel. Furthermore, several training sessions were organised in Brazilian offices on the Italian language, which saw the participation of approximately 38 employees.
- **Regulatory compliance**: training activities concerned primarily:
- the development of knowledge and awareness of the rules of conduct related to ethical values (pursuant to Legislative Decree 231/01) mainly in the foreign offices in Spain and Brazil;
- the new elements introduced by Italian Legislative Decree no. 32/19 on the issue of public tenders.
- **Compulsory training:** training activities concerned primarily:
- Protection of occupational health and safety (pursuant to Legislative Decree 81/08);

- GDPR (General Data Protection Regulation) - Privacy Regulation (EU Regulation 2016/679).

In relation to the Contact Centres, courses were provided dedicated both to continuing education in order to improve the performance of our workers for the activities in question, and to specialist training aimed at new entries. Additional courses were dedicated to the compulsory training on privacy and the protection of occupational health and safety.

The Exprivia Group has always aimed at the attainment of technical certification for its personnel, in this way ensuring its customers with the objective certification of the technical abilities of its staff involved in the projects.

During the first half of 2019 new certifications and specialisations/accreditations were obtained, increasing the number in innovative areas to support investments linked to the business plan.

Concerning Recruiting and Talent Acquisition, 155 new staff were hired in Italian offices, including new university graduates and qualified personnel; qualified personnel in technical/IT fields, process experts, and IT management experts were recruited. Concerning Contact Centre activities, 42 new staff were hired, in addition to the 155 units already indicated, for a total of 197 resources recruited (Italy).

Concerning foreign countries, 101 new resources were hired, including new graduates and workers qualified. In total, taking into account both Italian and foreign offices, a total of 298 resources were recruited as at 30 June 2019.

From a Talent Acquisition viewpoint, as in the past, the Exprivia Group invested in the continuous links with schools, universities, polytechnics, research centres and consortia, fully aware of its role in generating innovation and opportunities for young undergraduate students and graduates.

This collaboration takes the form of:

- Internships for final-year university students to carry out innovative projects for specific markets;
- School/work projects: The Exprivia Group has been committed to supporting school education through Alternating School-Work Projects, and this continued also through the first half of 2019. The alternating school-work projects are characterised by the creation of internships jointly designed by companies and educational institutions for students in technical or secondary schools, after drafting a specific School-Business Agreement and, subsequently, a specific Training Plan.
- Post-graduate internships to provide the opportunity to gain experience in areas directly related to business administration, or research projects in research and development laboratories;
- Post SPEGEA Master on-the-job training in “Management of Human Resources” and “Business Development General Management”;
- Funding for doctoral programmes or high-level internships to combine research with market needs;
- Active participation in Career Day, in collaboration with local universities;
- Collaboration with universities on the launch of innovative settings;
- Teaching posts at some Universities and Polytechnics (Pavia, Genoa, Bari, Lecce), with activities aimed at technological issues in the context of digital transformation and communication networks, and medical systems engineering.
- Participation to projects promoted by consortia, in cooperation with universities, schools and other companies, with the objective of bringing young people closer to the working world and create a bridge between education and business.
- Partnership with the Contamination Labs of the Polytechnic of Bari and the University of Salento (Digilab and Clab).
- Academy projects, in cooperation with different Talent Companies. In particular, three Academies were launched in the first half of 2019 to meet needs both in the technical and functional areas, at the offices

in Matera, Palermo and Milan. Academies provide six-week vertical classroom training, followed by on-the-job training for six months within the company and subsequently placement in production activities. The Talent Acquisition policy contributes to meet, in the middle term, part of the need for professionals, in particular in the area aimed at new graduates, optimising the initial stage of training and on-the-job-mentoring, and available to a wider study range than the usual target (e.g. Economics and Commerce, Industrial Engineering, Physics, Mathematics and other science degrees).

- Cooperation with ITSs: ITSs are highly specialist technology schools, realised according to the organisational model of the Foundation, with the cooperation of businesses, universities/scientific and technological research centres, local authorities and the educational and training system, to implement a lifelong learning programme which prioritises experiential education. The ITSs are expressions of a strategy that combines education, training and work policies with the industrial policies of the country, through a training offer able to promote enabling competences for the use of advanced technological and organisational instruments, primarily oriented to the national Industry 4.0 plan.

In the context of Technology Area 6 “Information and Communications Technology”, in September 2018 the Exprivia Group embraced training projects relative to the “High Technician for methods and technology for the development of software systems” professional figure, with the commitment to fully provide training courses, and then offer internships to the whole class. The training programs have a duration of approximately 2 academic years and are aimed at students finishing secondary school and lead to the achievement of a qualification recognised at the fifth level of the European Qualification System They include over 1,000 classroom training hours (40% of which are provided by Higher Education Institutes and Universities, with the remaining 60% provided by the company) and approximately 700 hours of on-the-job training with the company.

Staff and Turnover

The table below shows the company workforces as at 30 June 2019, compared with those at 30 June 2018. The table shows the number of resources, of which 16.78% are part-time in various arrangements of contractual working hours:

Company	Employees			Avarage employees			Temporary workers			Avarage temprary workers		
	30/06/2019	30/06/2018	31/12/2018	30/06/2019	30/06/2018	31/12/2018	30/06/2019	30/06/2018	31/12/2018	30/06/2019	30/06/2018	31/12/2018
Exprivia SpA	1794	1674	1788	1785	1676	1821	1	2	1	1	2	1
Exprivia Enterprise Consulting Srl	-	97	-	-	102	-	-	-	-	-	-	-
Exprivia Projects Srl	610	293	581	586	271	555	-	-	-	-	-	-
Exprivia Process Outsourcing Srl	-	270	-	-	264	-	-	-	-	-	-	-
Exprivia Telco & Media Srl	-		-	-	-	-	-	-	-	-	-	-
Advanced Computer Systems Srl	-	62	-	-	63	-	-	-	-	-	-	-
ACS-D GmbH Germany	5	4	4	5	4	4	-	-	-	-	-	-
Exprivia Asia Ltd	10	10	10	10	10	10	-	3	-	-	2	-
Expriva SLU (Spagna)	39	38	38	39	39	39	-	2	-	-	2	-
Exprivia Mexico SA de CV	21	39	33	27	42	38	-	1	1	-	2	1
Exprivia do Brasil Servicos de Informatica Ltda	31	23	28	31	25	27	2	5	-	2	5	-
Spegea Scarl	7	7	7	7	7	7	-	-	-	-	-	-
HR Coffee	5	-	3	4	-	3	-	-	2	-	-	2
Gruppo Italtel	1507	1463	1473	1493	1469	1473	4	1	-	4	1	-
Total	**4029**	**3976**	**3965**	**3987**	**3968**	**3977**	**7**	**14**	**4**	**7**	**14**	**4**

Integrated Management System

The Company has developed an Integrated Management System that meets the requirements of the ISO 9001, ISO 13485, ISO/IEC 20000-1, ISO/IEC 27001 and ISO 22301 international standards since 2005. This system is supplemented with specific standards for the engineering of software and systems with a view to developing working methodologies and processes capable of combining standardisation with flexibility and self-improvement capabilities through the support of competent, knowledgeable and motivated individuals.

In 2014, Exprivia SpA obtained CMMI-DEV level 2 after fine tuning the software development project process in order to improve the quality of the products/services by reducing poor service and non-compliance, and increase customer satisfaction and performance of the processes. This certification expired in May 2017, but the CMMI-DEV best practices continue to be applied by the production units in scope.

In 2018 Exprivia SpA and Exprivia Projects Srl obtained – the first companies in Italy – international ISO 18295-1 certification for two Contact Centre services, which defines the guidelines and best practice for the management of a contact centre. The operational and management normal practice of certificated services have been harmonised within Exprivia's Integrated Management System.

In the first half of 2019, audits were carried out by the certifications bodies for ISO 22301 and ISO 13485 regulations, the MDD certificate (medical devices) and ISO 18295, with positive outcomes.

Italtel has developed an Integrated Management System that meets the requirements of the ISO 9001 (since 1992) and ISO/IEC 27001 (since ISO 2004). In 2018 Italtel extended its ISO 9001 certification for its Management Systems for Contact Centre services for assistance to customers. In the first half of 2019, the periodic audit to maintain ISO 9001 certification took place with successful results.

Management and Control Organisation Model pursuant to Italian Legislative Decree 231/2001

Effective 31 March 2008, Exprivia adopted its Organisation, Management and Control model under Italian Legislative Decree no. 231/2001 and set up a Supervisory Body. None of its members are directors of Group companies. The Model is continuously updated, and the most recent version in force was approved by the Board of Directors on 21 December 2017.

This model is integrated with the principles and provisions of the Exprivia Ethics Code. The unique nature of Exprivia's governance system, processes and policies is thus confirmed, which also focuses on developing a corporate culture that fully complies with the principals of conduct for all of Exprivia.

The Supervisory Board meets periodically and carries out its activities in observance of the tasks assigned to it by the Model and Regulations it has independently adopted, with the aim of supervising the model's operation and of updating it.

The Organisation, Corporate Management and Control Model is published on the Company website in the section "Corporate - Corporate Governance – Corporate Information Report".

The Italian companies of the Exprivia Group have their own Organisation, Management and Control Models pursuant to art. 6 of Legislative Decree 231/2001 and their Boards of Directors have appointed Supervisory Boards to supervise and control implementation.

In particular, the strategically significant subsidiary Italtel SpA has had an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 since 2002, which it continuously ensures is both updated and implemented. The version in force for Italtel SpA was adopted by the Board of Directors on 12 March 2018.

Inter-Company Relations

The organisational structure of the Exprivia Group functionally integrates, with the exception of Italtel SpA and its subsidiaries, 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 that which will be defined as the “Group” for this section, as defined above and not including Italtel Group.

The Administration and Control Department centrally manages all “Group” companies.

The Finance Department handles financial activities at “Group” level.

The Human Resources Department defines policies and procedures for the “Group”.

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 noted:

- 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 4 December 2017 the Board of Directors of the Company adopted a new “Procedure for Transactions with Related Parties” (the “Procedure”), 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 new procedure, which replaced the one previously in force and introduced on 27 November 2010, is available on the company’s website in the section “Corporate > Corporate Governance > Corporate Information”.

Transactions with related parties entered into by the Company at June 30, 2019 are part of normal business management and are regulated under normal market conditions. No atypical or unusual transactions were carried out with these parties.

Italtel S.p.A. has an internal procedure in place regarding transactions with Related Parties approved by the company's Board of Directors on 15 February 2018.

Information regarding management and coordination

In accordance with Art. 2497 *et seq*. of the Italian Civil Code, governing transparency in the exercise of company management and coordination, it is recognised that this is exercised by the parent company Abaco Innovazione SpA, with head offices in Viale Adriano Olivetti 11, Molfetta (Bari, Italy), tax code and VAT No. 05434040720.

In exercising management and coordination activities:

- Abaco Innovazione SpA has not caused any damage to the interests and assets of the Exprivia Group;
- full transparency of inter-company relations was ensured, in order to allow anyone who may be interested to verify whether this principle is being observed;
- transactions with Abaco Innovazione SpA were carried out on an arm's length basis, i.e., under conditions that would have been applied by independent parties.

Relations with Abaco Innovazione SpA of an economic, capital and financial nature are set forth in the following section of this Directors' Report “Group Relations with the Parent Company”.

In accordance with Art. 2.6.2(10) of the Regulations for Markets organised and managed by Borsa Italiana SpA, the Directors declare that, as at 30 June 2018, the company does not meet the conditions provided under art. 37(1) of CONSOB regulation no. 16191/2007.

Group Relations with the Parent Company

The following are the economic and equity relations (in thousands of Euro) between the Exprivia Group and the parent company Abaco Innovazione S.p.A. at June 30, 2019 compared with June 30, 2018 for economic items and December 31, 2018 for balance sheet items.

Receivables

Non-current financial assets

Description	30/06/19	31/12/18	Variation
Non-current financial receivables from controlling companies	1,358	1,784	(426)
TOTAL	**1,358**	**1,784**	**(426)**

The balance as at 30 June 2019 includes 1,358 thousand euros for the residual credit relating to an unsecured loan without collateral signed in 2016 with the parent company Abaco Innovazione S.p.A. for a total of € 2,985 thousand and disbursed for € 1,680 thousand on a cash basis and € 1,305 thousand for the reclassification of outstanding debts at December 31, 2015.

Current financial assets

Description	30/06/19	31/12/18	Variation
Current financial receivables from controlling companies	437	461	(24)
TOTAL	**437**	**461**	**(24)**

The balance as at 30 June 2019 for € 437 thousand relates to the current portion of the above loan.

Trade receivables

Description	30/06/19	31/12/18	Variation
Trade receivables from controlling companies	20	20	0
TOTAL	**20**	**20**	**0**

The balance at 30 June 2019 amounted to € 20 thousand and refers to trade receivables from the parent company Abaco Innovazione SpA, for administrative and logistic services.

Financial income and charges

Description	30/06/19	30/06/18	Variation
Financial costs and expenses from the parent company	211	206	5
TOTAL	**211**	**206**	**5**

The balance at June 30, 2019 refers to the costs for the guarantee given by the parent company to obtain the loan granted by the pool of banks to Exprivia S.p.A. in April 2016 for 25 million euros.

Revenue and income

Description	30/06/19	30/06/18	Variation
Financial income from parent company	29	42	(13)
TOTAL	**29**	**42**	**(13)**

The balance at June 30, 2019 refers to the interest accrued towards Abaco Innovazione S.p.A. on the loan disbursed by Exprivia S.p.A. previously described.

Condensed Half-year Consolidated Financial Statements of the Exprivia Group as at 30 June 2019

Consolidated financial statements as at 30 June 2019

Consolidated Balance Sheet

Amount in thousand Euro	Note	30.06.2019	31.12.2018
Property, plant and machinery	1	49,226	27,667
Goodwill and other assets with an indefinite useful life	2	191,844	191,829
Other Intangible Assets	3	49,078	52,615
Shareholdings	4	512	466
Other financial assets	5	2,140	2,700
Other financial assets	6	1,632	1,673
Deferred tax assets	7	68,698	68,948
NON-CURRENT ASSETS		**363,130**	**345,898**
Trade receivables and other	8	141,639	155,643
Stock	9	50,326	33,946
Work in progress to order	10	73,828	63,975
Other Current Assets	11	40,889	44,629
Other Financial Assets	12	3,846	3,787
Cash resources	13	16,651	19,558
Other Financial Assets available for sale	14	327	327
CURRENT ASSETS		**327,506**	**321,865**
DISCONTINUED NON CURRENT ASSETS	**15**	**12**	**106**
TOTAL ASSETS		**690,648**	**667,869**

The data as at 30 June 2019 was determined by applying IFRS 16. In compliance with the transition regulations defined and illustrated in the paragraph "Application of new accounting standards", however, the data for the comparison period has not been recalculated.

Amount in thousand Euro	Note	30.06.2019	31.12.2018
Share capital	16	25,083	25,083
Share Premium Reserve	16	18,082	18,082
Revaluation reserve	16	2,907	2,907
Legal reserve	16	4,171	3,959
Other reserves	16	39,828	42,638
Profits (Losses) for the previous period	16	6,953	6,953
Profit (Loss) for the period	43	(11,023)	(852)
SHAREHOLDERS' EQUITY		**86,001**	**98,770**
Minority interest	16	18,570	26,508
GROUP SHAREHOLDERS' EQUITY		**67,431**	**72,262**
Non-current bond	17	20,399	22,550
Non-current bank debt	18	153,887	158,125
Other financial liabilities	19	18,306	49
Other no current liabilities	20	2,974	3,729
Provision for risks and charges	21	1,389	5,887
Employee provisions	22	26,748	25,783
Deferred tax liabilities	23	13,211	13,435
NON CURRENT LIABILITIES		**236,914**	**229,558**
Current bond	24	2,215	-
Current bank debt	25	69,945	58,479
Trade payables	26	200,823	195,255
Advances payment on work in progress contracts	27	6,529	7,492
Other financial liabilities	28	9,933	4,502
Other current liabilities	29	77,902	73,427
CURRENT LIABILITIES		**367,347**	**339,155**
DISCONTINUED NON CURRENT LIABILITIES	**30**	**386**	**386**
TOTAL LIABILITIES		**690,648**	**667,869**

The data as at 30 June 2019 was determined by applying IFRS 16. In compliance with the transition regulations defined and illustrated in the paragraph “Application of new accounting standards”, however, the data for the comparison period has not been recalculated.

Consolidated Income Statement

Amount in thousand Euro	Note	for the six months closed at 30.06.2019	for the six months closed at 30.06.2018
Revenues	31	237,847	271,798
Other income	32	13,741	15,104
PRODUCTION REVENUES		**251,588**	**286,902**
Costs of raw, subsid. & consumable mat. and goods	33	89,390	108,905
Salaries	34	98,109	99,451
Costs for services	35	67,244	74,844
Costs for leased assets	36	536	3,798
Sundry operating expenses	37	2,197	2,714
Change in inventories of raw materials and finished produc	38	(16,380)	(10,912)
Provisions	39	58	150
TOTAL PRODUCTION COSTS		**241,154**	**278,950**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		**10,434**	**7,952**
Amortisation, depreciation and write-downs	40	13,882	9,441
OPERATIVE RESULT		**(3,448)**	**(1,489)**
Financial income and (charges) and other investments	41	(6,010)	(11,542)
PRE-TAX RESULT		**(9,458)**	**(13,031)**
Income tax	42	1,565	250
PROFIT OR LOSS FOR THE YEAR DERIVING FROM ACTIVITIES IN OPERATION		**(11,023)**	**(13,281)**
PROFIT (LOSS) FOR THE EXERCISE DERIVING FROM DISCONTINUED ASSETS		**-**	**(26)**
PROFIT OR LOSS FOR THE YEAR	**43**	**(11,023)**	**(13,307)**
Attributable to:			
Shareholders of holding company		(3,290)	(7,272)
Minority interest		(7,733)	(6,035)
Earnings per share losses	44		
Basic earnings per share		(0.0682)	(0.1503)
Basic earnings diluted		(0.0682)	(0.1503)

The data as at 30 June 2019 was determined by applying IFRS 16. In compliance with the transition regulations defined and illustrated in the paragraph "Application of new accounting standards", however, the data for the comparison period has not been recalculated.

exprivia

Consolidated Statement of Comprehensive Income

Amount in thousand Euro		for the six months closed at	for the six months closed at
Description	**Note**	**30/06/19**	**30/06/18**
Profit for the period	**43**	**(11,023)**	**(13,307)**
Other gains (losses) total will not subsequently be reclassified in profit (loss) for the period			
Profit (loss) Actuarial effect of IAS 19		(1,549)	367
Tax effect of changes		372	(88)
Total other comprehensive income (loss) will not subsequently be reclassified in profit (loss) for the period	**16**	**(1,177)**	**279**
Other gains (losses) total that will be subsequently reclassified to profit (loss) for the period			
Change in translation reserve		(141)	(1,920)
Profit (loss) on cash flow hedge derivatives		-	575
Tax effect of changes		-	(139)
Total other comprehensive income (loss) that will subsequently be reclassified in profit (loss) for the period	**16**	**(141)**	**(1,484)**
NET COMPREHENSIVE INCOME FOR THE PERIOD		**(12,341)**	**(14,512)**
attributable to:			
Group		(4,392)	(8,573)
Minority interest		(7,949)	(5,939)

The data as at 30 June 2019 were determined by applying IFRS 16. In compliance with the transition regulations defined and illustrated in the paragraph “Application of new accounting standards”, however, the data for the comparison period has not been recalculated.

Statement of Changes in Consolidated Shareholders' Equity

Amount in thousand Euro	amount in thousand Euro	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Legal Reserve	Other Reserves	Profits (Losses) brought forward	Profit (Loss) for the period	Total Net Worth	Minority Interests	Total Group Net Worth
Balance at 31/12/2017	**Saldo al 31/12/2017**	**26,980**	**(1,825)**	**18,082**	**2,907**	**3,931**	**44,461**	**6,931**	**50**	**101,517**	**27,125**	**74,392**
Adoption of IFRS 15	Adozione IFRS 15						(88)			(88)		(88)
Balance adjusted as at 31/12/2017	**Saldo rettificato al 31/12/2017**	**26,980**	**(1,825)**	**18,082**	**2,907**	**3,931**	**44,373**	**6,931**	**50**	**101,429**	**27,125**	**74,304**
Destination of the previous financial year	Destinazione risultato esercizio precedente					27		23	(50)	-		-
Tax effect from goodwill due to mergers	Effetto fiscale da avviamenti da fusioni						(445)			(445)		(445)
Other movements	Altri movimenti						(28)	98		70	(38)	108
Components of the overall result	**Componenti del risultato complessivo**											
Profit (loss) for the period	Utile (perdita) del periodo								(13,307)	(13,307)	(6,035)	(7,272)
Effects deriving from the application of IAS 19	Effetti derivanti dall'applicazione IAS 19						279			279	78	201
Conversion reserve	Riserva di conversione						(1,920)			(1,920)	(422)	(1,498)
Profit (loss) on cash flow hedge derivatives	Utile (perdita) su strumenti derivati di cash flow hedge						436			436	440	(4)
Total Profit (Loss) Total for the period	**Totale Utile (Perdita) Complessivo del periodo**									**(14,512)**	**(5,939)**	**(8,573)**
Balance at 30.06.2018	**Saldo al 30.06.2018**	**26,980**	**(1,825)**	**18,082**	**2,907**	**3,959**	**42,696**	**7,051**	**(13,307)**	**86,544**	**21,147**	**65,397**
Balance at 31.12.2018	**Saldo al 31.12.2018**	**26,980**	**(1,897)**	**18,082**	**2,907**	**3,959**	**42,638**	**6,953**	**(852)**	**98,770**	**26,508**	**72,262**
Adoption of IFRS 16	Adozione IFRS 16						(1,133)			(1,133)	(118)	(1,015)
Balance adjusted as at 31/12/2018	**Saldo rettificato al 31/12/2018**	**26,980**	**(1,897)**	**18,082**	**2,907**	**3,959**	**41,505**	**6,953**	**(852)**	**97,637**	**26,390**	**71,247**
Destination of the previous financial year	Destinazione risultato esercizio precedente					212	(1,064)		852	0	0	0
IAS effects 29	Effetti IAS 29						686			686	130	556
Components of the overall result	Altri movimenti						19			19		19
Components of comprehensive income	**Componenti del risultato complessivo**											
Profit (loss for the period)	Utile (perdita) del periodo								(11,023)	(11,023)	(7,733)	(3,290)
Effects of applying IAS 19	Effetti derivanti dall'applicazione IAS 19						(1,177)			(1,177)	(186)	(991)
Translation reserve	Riserva di conversione						(141)			(141)	(30)	(111)
Total income (loss) for the period	**Totale Utile (Perdita) Complessivo del periodo**									**(12,341)**	**(7,949)**	**(4,392)**
Balance at 30.06.2019	**Saldo al 30/06/2019**	**26,980**	**(1,897)**	**18,082**	**2,907**	**4,171**	**39,828**	**6,953**	**(11,023)**	**86,001**	**18,570**	**67,431**

The data as at 30 June 2019 was determined by applying IFRS 16. In compliance with the transition regulations defined and illustrated in the paragraph "Application of new accounting standards", however, the data for the comparison period has not been recalculated.

Consolidated Cash Flow Statement

Amount in thousand Euro			for the six months closed at		for the six months closed at	
		Note	30.06.2019		30.06.2018	
Operating activities:						
Profit (loss) for the period		43	(11,023)	(1)	(13,307)	(1)
Amortisation, depreciation and provisions			11,174		9,590	
Provision for Severance Pay Fund			3,752		3,955	
Advances/Payments Severance Pay			(4,337)		(5,518)	
Adjustment of value of financial assets			0		(2,530)	
Cash flow generated (absorbed) from operating activities	**a**		**(434)**		**(7,811)**	
Increase/Decrease in net working capital:						
Variation in stock and payments on account			(27,499)		(22,613)	
Variation in receivables to customers			14,024		27,704	
Variation in receivables to parent/subsidiary/associated company			0		43	
Variation in other accounts receivable			3,263		(6,224)	
Variation in payables to suppliers			6,235		26,032	
Variation in payables to parent/subsidiary/associated company			0		(19)	
Variation in tax and social security liabilities			(5,390)		(5,134)	
Variation in other accounts payable			8,940		4,693	
Cash flow generated (absorbed) from current assets and liabilities	**b**		**(427)**		**24,482**	
Cash flow generated (absorbed) from current activities	**a+b**		**(861)**		**16,671**	
Investment activities:						
Purchases of tangible fixed assets net of payments for sales			(2,241)		(1,036)	
Variation in intangible assets			(5,238)		(6,966)	
Variation in financial assets			(285)		1,093	
Cash flow generated (absorbed)) from the investment activity	**c**		**(7,764)**		**(6,909)**	
Financial assets and liabilities						
New loans			16,221	(2)	3,000	
Reimbursement loan			(13,038)	(2)	(23,749)	
Net variation in other financial debts			2,541	(2)	7,385	
Net variation in other financial recivables			500	(2)	992	
Changes in other non-current liabilities and use of risk provisions			(1,070)		211	
Change in equity			564		(1,849)	
Cash flow generated (absorbed) from financing activities	**d**		**5,718**		**(14,011)**	
Increase (decrease) in cash and cash equivalent	**a+b+c+d**		**(2,907)**		**(4,249)**	
Cash and cash equivalent at the beginning of the period		13	19,558		36,508	
Cash and cash equivalent at end of period		13	16,651		32,259	
(1) including taxes and interest paid in the period			3,291		4,101	

2) The sum of the relative amounts represents the overall change in net liabilities deriving from financing activities. For the reconciliation with the balance sheet values, see the note on "Net financial position" in the note "Payables to non-current banks

The data as at 30 June 2019 was determined by applying IFRS 16. To comply with the transition regulations defined and illustrated in the paragraph "Application of new accounting standards", however, the data for the comparison period have not been recalculated.

Explanatory Notes

General information

Exprivia SpA (hereinafter also the "Company" or the "Parent Company" or "Exprivia") and its subsidiaries (hereinafter also the "Exprivia Group" or the "Group") represents an international group specialised in Information and Communication Technology able to direct its customers' drivers thanks to digital technologies.

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

Accounting policies and valuation criteria

Declaration of compliance with IFRS

The condensed half-year consolidated financial statements as at 30 June 2019 included in the half-year report, were drafted in accordance with Art. 154-ter of Italian Legislative Decree 58/98, as well as issuers' regulation and the relevant CONSOB provisions and according to the provisions of IAS 34 - Interim financial reporting. In particular, 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 accounting standards.

The condensed half-year consolidated financial statements include the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and these explanatory notes. The explanatory notes, in accordance with IAS 34, are reported in a summary format and do not show all the information and notes required for annual consolidated financial statements and must, therefore, be read together with the annual consolidated financial statements, as they refer exclusively to those components that, in terms of amount, breakdown or variation, are essential for the purpose of the understanding of the economic and financial position of the Group. Therefore, they must be read together with the annual consolidated financial statements as at 31 December 2018, available on the website www.expriva.it in the section "Corporate - Investor Relation - See all financial statements".

On 6 August 2019, the Board of Directors approved the condensed half-year consolidated financial statements as at 30 June 2019 and made these available to the public and to CONSOB, according to the methods and terms set forth in the applicable legislative and regulatory provisions.

Drafting and presentation criteria

The consolidation principles, accounting policies and valuation criteria are the same as those adopted to prepare the consolidated financial statements as at 31 December 2018, to which explicit reference should be made, and the condensed half-year consolidated financial statements as at 30 June 2018, with the exception of those specifically applicable to interim situation and the information outlined in the next paragraph "Application of new accounting standards".

In order to make the presentation of data more intelligible, the presentation was changed for certain items in the comparative data of the income statement presented in accordance with IAS 1, with respect to data reported in the condensed half-year consolidated financial statements as at 30 June 2018, without any effect on the result and net equity at that date.

The balance of the item “Other Income” passed from Euro 15,018 thousand to Euro 15,104 thousand due to the reclassification of other income previously classified to reduce the item “Costs for Leased Assets”.

The valuation and measurement policies are based on the IFRS standards in effect as at 30 June 2019 and approved by the European Union.

The following table shows the IFRS/Interpretations approved by the IASB and endorsed for adoption in Europe and applied for the first time to the period under review.

Description	Endorsement date	Publication on G.U.C.E	Effective date provided by principle	Effective date for Exprivia
IFRS 16 Leases (issued on 13 January 2016)	31 ott. '17	9 nov. '17	Exercises starting on or starting from 1 Jan '19	1 jan '19
Amendments to IFRS 9 "Prepayment features with negative compensation"	22 mar. '18	26 mar. '18	Exercises starting on or starting from 1 Jan '19	1 jan '19
IFRIC 23 Uncertainty over Income Tax Treatments	23 ott. '18	24 ott. '18	Exercises starting on or starting from 1 Jan '19	1 jan '19
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures "	8 feb. '19	11 feb. '19	Exercises starting on or starting from 1 Jan '19	1 jan '19
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement "	13 mar. '19	14 mar. '19	Exercises starting on or starting from 1 Jan '19	1 jan '19
Annual improvements to the IFRS 2015-2017	14 mar. '19	15 mar. '19	Exercises starting on or starting from 1 Jan '19	1 jan '19

The IFRS standards and interpretations approved by IASB and endorsed for adoption in Europe during the period are as follows:

- IFRS 16 Leases replaces IAS 17 and its relative interpretations, and is intended to improve the accounting reporting of lease contracts. For more details please refer to the next paragraph, “Application of new accounting standards”;
- the document “Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation” envisages certain changes to said standard, in order to permit the measurement at amortised cost of financial assets characterised by an early discharge option with so-called “negative compensation”.
- IFRIC Interpretation 23 “Uncertainty over income tax treatments” clarifies how to apply the recognition and measurement requirements of IAS 12. To the extent to which an entity generally takes on loans and uses financing for the purpose of obtaining an assets that justifies capitalisation, the entity must determine the amount of capitalised financial charges by applying a capitalisation rate to the charges incurred for that asset. This capitalisation rate must correspond to the weighted average of financial charges applicable to all of the entity’s loans in place during the financial period;
- “Amendments to IAS 28 - Long-term interests in associates and joint ventures” clarify that IFRS 9 "Financial Instruments", including the impairment requirements, also applies to other financial instruments held over the long-term issued vis-à-vis an associated company or joint venture which, in essence form part of the net investment of the same. The net equity method does not apply to these instruments;
- “Amendments to IAS 19 - Amendment, curtailment or settlement of the plan” clarify how pension expenses are determined when there is an amendment to a defined benefit plan. The amendments specify that when an entity recalculates its own net liabilities (assets) for defined benefit plans after an amendment, a reduction or settlement of the plan must use updated actuarial assumptions to determine the cost of the current service and the net interests for the remaining part of the annual reference period;

- “Annual improvements to IFRS Standards 2015-2017 cycle” include amendments to IAS 12 “Income Taxes”, IAS 23 “Borrowing Costs”, IFRS 3 “Business Combinations” and IFRS 11 “Joint venture agreements”.

The newly adopted standards, with the exclusion of IFRS 16, for which please refer to the section “Application of new accounting standards”, had no material impacts on the measurement of assets, liabilities, costs and revenues of the Group.

The table below shows the international accounting standards, interpretations and amendments to existing accounting standards and interpretations, which are specific provisions contained in the standards and interpretations approved by the IASB, which were not yet approved for adoption in Europe at the date of this annual report:

Description	Effective date foreseen by the principle
Amendments to references to the conceptual Framework in IFRS Standars (issued on 29 March 2018)	Exercises starting on or starting 1 January 2020
Amendments to IFRS 3 Definition of Business	Exercises starting on or starting 1 January 2020
Amendments to IAS 1 and IAS 8 Definition of Material	Exercises starting on or starting 1 January 2020
IFRS 17 Insurance Contracts (issued 18 May 2017)	Exercises starting on or starting 1 January 2021

The revision of the Conceptual Framework for Financial Reporting, which introduced a new chapter related to measurement, better specified certain concepts (such as stewardship, prudence and uncertainty in evaluations) and expanded some definitions.

The IASB issued “Definition of a business (amendments to IFRS 3)” to resolve the difficulties that arise when an entity is deciding whether it acquired a business or a group of assets.

to IAS 1 and IAS 8: the IASB issued the definition of “material” to align the definition used in the Conceptual Framework and the rules themselves.

The amendment of IFRS 17 “Insurance Contracts” aims to improve the comprehension of the investors, and not only, of the exposure to risk, of the profitability and the financial positions of the insurers.

The standards and interpretations detailed above are not expected to have any material impact on the valuation of the Group’s assets, liabilities, costs and revenues upon adoption.

Application of new accounting standards

Effective from 1 January 2019, the Group has adopted IFRS 16 “Leases”, which resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

IFRS 16 “Leasing”

IFRS 16 Leases, issued by the IASB on 13 January 2016, which replaces IAS 17 and its relative interpretations, intended to improve the accounting reporting of lease contracts, was adopted with (EU) Regulations no. 2017/1986 of the Commission of 31 October 2017, published in the Official Gazette L 291 of 9 November 2017.

IFRS 16 “Leases” defines a lease as a contract that gives an entity the right to use an asset for a specific period of time in exchange for consideration, and, for the lessee, eliminates the distinction between finance and operating leases, introducing for that party a single accounting model for recognising leases. By applying this model, the entity recognises: (i) in the balance sheet, an asset representing the right of use and a liability representing the obligation to make the payments set forth in the contract for all leases with a term exceeding twelve months for an asset that cannot be considered low value; (ii) in the income statement, the amortisation of the asset recognised and separately the interest on the payable recognised. For lessors, the distinction between operating and finance leases has been maintained.

The provisions set forth in IFRS 16, which replace those set forth in IAS 17 Leases and in the relative interpretations, are applicable for reporting periods starting on or after 1 January 2019.

The contracts in which the Group is a lessee refer primarily to real estate leases and long-term vehicle leases.

To recognise the impacts deriving from the first time adoption of IFRS 16 in the financial statements, the Group decided to apply the modified retrospective approach. Therefore, it applied the standard retroactively by accounting for the cumulative effect at the initial application date, without restating comparative information, although recognising any cumulative effect as an adjustment in the opening balance of retained earnings (IFRS 16.C5b) and C7). The lease liability is recognised at the present value of the remaining payments due for the lease, discounted using the marginal rate of financing of the lessee at the date of initial application. The right of use asset is recognised at the date of initial application at the carrying amount, as if the standard were applied as of the start date, but discounted using the marginal rate of financing of the lessee at the date of initial application.

The transition to IFRS 16 introduced certain elements of professional judgement which entail the definition of several accounting policies and the use of assumptions and estimates in relation to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- the Group has decided not to apply IFRS 16 for contracts containing a lease that have an intangible asset as its underlying asset;
- the clauses for the renewal of contracts are considered for the purposes of determining the duration of the contract, or when the Group has the option to exercise them without the need to obtain the consent of the counterparty and their exercise is deemed to be reasonably certain. Only the first extension period has been considered in case of clauses that envisage multiple renewals which can unilaterally be exercised by the Group;
- term of the lease: the term was determined on the basis of the individual agreement and consists of the “non-cancellable” period along with the effects of any extension or early termination clauses the exercise of which was deemed reasonably certain and taking into account the clauses of the agreement itself. Specifically, for real estate, that assessment considered the specific facts and circumstances of each asset;
- incremental borrowing rate: in most rental agreements entered into by the Group, the implicit interest rate cannot be determined; therefore, a specific marginal rate of financing for each country in which agreements were entered into was used with maturities commensurate with the term of the specific lease agreement.

The Group has also decided to take advantage of the following practical expedients provided by the IFRS 16 transitional provisions:

- applying the standard to agreements previously classified as lease agreements applying IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease (IFRS 16.C3);
- not recognising assets and liabilities relating to leases with a duration of less than 12 months from the date of first time adoption; with the exception of car hire contracts, these agreements will be accounted for as short-term leases (IFRS 16.C10c);
- with reference to the separation of non-lease components for motorcars, the Group has decided not to separate these and account for them separately with respect to the lease components. This component

has been considered together with the lease component to determine the financial liability of the lease and its relative right of use;

- excluding initial direct costs from the valuation of the right of use asset at the date of first time adoption (IFRS 16.C10d).

Low-value assets have also been excluded from the application of IFRS 16.

The impacts of the first application on the Group consolidated financial statements are summarised as follows:

- statement of financial position: higher non-current assets due to the recognition of the right of use on the assets leased for an amount of around Euro 24.4 million; higher financial liabilities representing the obligation to make the payments established in the contract for an amount of around Euro 25.3 million;
- the impact on shareholders' equity, net of the related tax effect, is therefore around Euro 1.1 million.

Below is a summary of the effects deriving from the application of IFRS 16 on the opening balances as at 1 January 2019.

Amounts in thousands of Euro	31/12/2018 Published	Effects before adoption IFRS 16	01/01/2019 Post adoption
Property, plant and machinery	27.667	24.440	52.107
Goodwill and other assets with an indefinite useful life	191.829		191.829
Other Intangible Assets	52.615		52.615
Shareholdings	466		466
Other non-current financial assets	2.700		2.700
Other non-current assets	1.673	(833)	840
Deferred tax assets	68.948	210	69.158
NON-CURRENT ASSETS	**345.898**	**23.817**	**369.715**
Trade receivables	155.643		155.643
Stock	33.946		33.946
Work in progress to order	63.975		63.975
Other Current Assets	44.629	(362)	44.267
Other Financial Assets	3.787		3.787
Cash and cash equivalents available	19.558		19.558
Other Financial Assets available for sale	327		327
CURRENT ASSETS	**321.865**	**(362)**	**321.503**
DISCONTINUED NON CURRENT ASSETS	**106**		**106**
TOTAL ASSETS	**667.869**	**23.455**	**691.324**
SHAREHOLDERS' EQUITY	**98.770**	**(1.132)**	**97.637**
Non-current bond	22.550		22.550
Non-current bank debt	158.125		158.125
Other financial liabilities	49	19.816	19.865
Other no current liabilities	3.729		3.729
Provision for risks and charges	5.887		5.887
Employee provisions	25.783		25.783
Deferred tax liabilities	13.435		13.435
NON CURRENT LIABILITIES	**229.558**	**19.815**	**249.374**
Current bank debt	58.479		58.479
Trade payables	195.255	(668)	194.587
Advances payment on work in progress contracts	7.492		7.492
Other financial liabilities	4.502	5.440	9.942
Other current liabilities	73.427		73.427
CURRENT LIABILITIES	**339.155**	**4.772**	**343.927**
DISCONTINUED NON CURRENT LIABILITIES	**386**		**386**
TOTAL EQUITY AND LIABILITIES	**667.869**	**23.455**	**691.324**
NET FINANCIAL POSITION	**(214.643)**	**(25.256)**	**(239.899)**

The reconciliation between the amount of future minimum payments due for non-cancellable operating leases contracts, reported in the financial statements as at 31 December 2018 and the balance of financial liabilities for leases as at 1 January 2019 (values in millions of Euro) is reported below:

Payments for non-cancellable leases as at 31 December 2018	**26.5**
Effect of discounting as at 1 January 2019	(1.2)
Financial liabilities per leases as at 1 January 2019	**25.3**

The leases previously classified as finance leases in accordance with IAS 17 have been reclassified under right of use. The definition of lease in IFRS 16 has been applied only to contracts signed or changed as from 1 January 2019.

The application of this new standard in the first half of the year has meant that:

- statement of financial position as at 30 June 2019: non-current assets due to the recognition of the right of use on the assets leased for an amount of Euro 22.7 million; the recognition of financial liabilities representing the obligation to make the payments established in the contract for an amount of Euro 23.7 million;
- income statement for the six months to 30 June 2019: different nature, qualification and classification of lease expenses, with the recognition of amortisation on the right of use asset and of financial charges in place of "Costs for the use of third party assets - operating lease payments" in accordance with IAS 17, with the resulting positive impact on EBITDA of around Euro 3.7 million, on EBIT of Euro 0.5 million and, involving higher financial expenses of Euro 0.5 million, a non-significant impact on the profit (loss) for the period;
- cash flow statement: the lease payments, for the principal amount to repay the debt, are reclassified from "cash flow from operating activities" to "cash flow from financing activities".

IFRS 16 Leases - accounting policies adopted as at 1 January 2019

The changes in accounting policies adopted by the Group compared to those applied as at 31 December 2018 due to the effect of the entry into force as at 1 January 2019 of the new IFRS 16 accounting standard are reported below.

At the date the assets object of the lease contract are available for use by the Group, the lease contracts are accounted for as right of use under non current assets, with a counter entry under financial liabilities.

The lease payments are broken down into the financial charge component, recognised in the income statement for the period of duration of the contract, and the repayment of capital component, recognised as a financial liability. The right of use is amortised/depreciated monthly on a straight line basis for the lesser period between the useful life of the asset and the duration of the contract.

The right of use and financial liabilities are initially recognised at the actual value of future payments.

The Group does not separately recognise the right of use assets in the statement of financial position but it includes them under the item which would have included the corresponding assets if they had been owned by the company (item "property, plant and equipment").

The current value of financial liabilities for lease contracts include the following payments:

- fixed payments;
- variable payments based on an index or a rate;
- the exercise price of an option, in the case the exercise of the option is considered to be reasonably certain;

- payment of penalties for the termination of the contract, if the exercise of the option to terminate the contract is considered to be reasonably certain;
- optional payments subsequent to the non-cancellable period, if the extension of the contract beyond the non-cancellable period is considered to be reasonably certain.

Future payments are discounted using the incremental borrowing rate. This rate is constituted by the free risk rate of the countries in which the contract was negotiated and is based on the duration of the same contract. It is then adjusted on the basis of the Group’s credit spread and the local credit spread.

Rights of use are valued at cost, which include the following elements:

- initial amount of the financial liability;
- payments made before the start of the contract net of lease incentives received;
- additional directly attributable charges;
- estimated charges for dismantling or reinstatement.

Leasing instalments associated to the following types of lease contracts are recognised in the income statement on a straight line for the duration of the respective contracts;

- contracts for which the underlying asset is deemed to be a low-value asset;
- contracts for which the payment for the right of use of the underlying asset varies as a function of changes in facts or circumstances (not linked to sales trends), which cannot be anticipated at the start date.

Low-value contracts mainly relate to the following categories of assets:

- computers, telephones and tablets;
- office and multifunctional printers;
- other electronic devices.

Accounting estimates used in preparing the financial statements

Preparation of the condensed financial statements as at 30 June 2019 in accordance with applicable accounting standards required the use of estimates and assumptions based on historical experience and on other factors that are deemed reasonable with respect to the circumstances and knowledge available as at the reference date of the financial statements. Actual results may depart from these estimates. The estimates and assumptions are revised constantly. The effects of revised estimates are recognised in the income statement for the period in which the estimates are revised. The estimates mainly concern: amounts allocated to provisions for bad or doubtful debts, made according to the expected sale value of related assets; amounts allocated to provisions for risks, made according to the reasonable estimate of the amount of the potential liability, also with respect to any demands from the counterparty; amounts allocated for employee benefits, recognised according to actuarial valuations; amortisation/depreciation of tangible and intangible assets, recognised according to their remaining useful life and their recoverable value; income taxes, determined according to the best estimate of the rate expected for the entire financial year, and prepaid taxes, recognised taking into account the forecasts of future taxable income; development costs, initial capitalisation for which is based on the technical and financial feasibility of the project, with reference to which future cash flow projections are made for each project; revenues and costs to complete long-term contracts and the relative completion percentage.

It should also be noted that certain valuation processes, in particular the more complex ones such as the determination of any impairment of non-current assets, are generally only fully carried out upon drafting the annual financial statements, when all the necessary information is available, except in cases in which there are indicators of impairment which call for an immediate impairment test.

Financial risk management

The Exprivia Group is exposed to the following financial risks:

Interest Rate Risk

In 2016, Exprivia obtained a major medium/long-term variable rate loan from a pool of banks; this is combined with other variable rate and below-market fixed rate loans, the latter relating to funded research and development projects, as well as the loans pertaining to the Italtel Group reformulated following Exprivia's subscription of the equity investment in Italtel SpA's share capital. The previous forms of funding are joined by the fixed rate bond issued to finance the purchase of the equity investment in Italtel SpA. Concerning variable-rate loans, the Group has interest rate swap agreements or cap agreements to hedge the risk of fluctuating interest rates.

Credit Risk

Exprivia Group does not have significant concentrations of credit risk except for work carried out in the Public Sector, where delays are recorded mainly due to the payment policies adopted by public bodies. They often do not respect the conditions set forth in contracts but, nevertheless, they do not lead to the risk of bad debts.

Exprivia Group also manages this risk by selecting counterparts considered by the market to be solvent and with high credit standing.

All amounts receivable are periodically assessed for each individual customer, and they are written down when they are considered impaired, aside from the assessment required by IFRS 9 on expected credit losses.

Liquidity Risk

Liquidity risk is prudently managed by planning cash flows, financing needs and the liquidity of Exprivia Group to ensure effective adequate financial resources are available, by managing any surplus liquidity, and by opening credit lines where necessary, including short-term ones. Liquidity risk was considerably reduced through the medium-term loan, signed by Exprivia in 2016. The transaction for the purchase of the equity investment in Italtel SpA included, as an integral part, the restructuring of Italtel SpA's debt, which was carried out by converting part of the bank debt into Participating Financial Instruments, as well as by the contribution of fresh capital, and lastly, the issue of new loan facilities.

Exchange Rate Risk

The majority of Exprivia Group's activities are carried out in the "Euro Zone", although the acquisition of Italtel Group has increased the volume of transactions carried out on markets subject to sharp fluctuations in exchange rates (e.g., Brazil). This could represent a risk to be monitored. Again within Italtel Group, purchase transactions and, to a minor extent, sales transactions, are concluded in US dollars. For the purpose of reducing the effects of swings in the US dollar, derivative hedging agreements are entered into on this currency. In the financial statements, these derivatives are valued at fair value in accordance with international accounting standards.

The table below provides a reconciliation between financial assets and liabilities included in the Group's balance sheet and classes of financial assets and liabilities provided by IFRS 9 (amounts in thousands of euro):

ACTIVITY 'FINANCIAL AT 30 JUNE 2019	Loans and receivables "amortized cost"	Investments valued at "fair value trought OCI (FVOCI)"	Investments valued at "fair value through PL (FVPL)"	Derivative financial instruments Hedge Accounting financial assets valued at "fair value through OCI (FVOCI)"	Financial instruments available for sale "FVOCI"	Total
In thousands of Euro						
Non current assets						
Financial assets	2.135					2.135
Derivative financial instruments				5		5
Investments in associated companies			88			88
Investments in other companies		424				424
Other non-current assets	1.632					1.632
Total no current assets	**3.767**	**424**	**88**	**5**	-	**4.284**
Current assets						
Commercial credits	141.639					141.639
Other financial assets	3.846				327	4.173
Other current assets	40.889					40.889
Cash and cash equivalents	16.651					16.651
Total Current assets	**203.025**	-	-	-	**327**	**203.352**
TOTAL	**206.792**	**424**	**88**	**5**	**327**	**207.636**

LIABILITIES 'FINANCIAL AT 30 JUNE 2019	Loans and borrowings "amortized cost"	Derivative financial instruments "financial liabilities valued at FV in the income statement" (FVPL)	Derivative financial instruments Hedge Accounting financial liabilities valued at "fair value through OCI (FVOCI)"	Financial instruments available for sale "FVOCI"	Total
In thousands of Euro					
Non Current liabilities					
Bond	20.399				20.399
Due to banks	153.887				153.887
Other financial liabilities	18.298				18.298
Hedging derivative financial instruments		8			8
Other non-current liabilities	2.974				2.974
Total Non Current liabilities	**195.558**	**8**	-	-	**195.566**
Current liabilities					
Current bond loans	2.215				2.215
Trade payables and advances	207.352				207.352
Other financial liabilities	9.647				9.647
Derivative financial instruments		286			286
Due to banks	69.945				69.945
Other current liabilities	77.902				77.902
Total Current liabilities	**367.061**	**286**	-	-	**367.347**
TOTAL	**562.619**	**294**	**-**	**-**	**562.913**

It should be noted that the financial instruments reported above, with reference to loans, receivables, payables and investments, were measured at book value, given it is considered to be an approximation of their fair value.

Derivative financial instruments and those available-for-sale are measured at level 2 on the fair value hierarchy.

Fair Value Hierarchy Measurement

For financial instruments carried in the balance sheet at fair value, IFRS 7 requires that these values be classified according to a hierarchy reflecting the significance of input used in determining fair value. There are three levels as follows:

Level 1 - quoted prices on an active market for similar assets or liabilities;

Level 2 - inputs other than the prices quoted in the previous point, which are directly observable (prices) or indirectly (price-related inputs) observable on the market;

Level 3 - inputs that are not based on observable market data.

Scope of Consolidation

The condensed consolidated financial statements as at 30 June 2019 include the equity, economic and financial situations of the Holding Company Exprivia SpA and subsidiaries, and the only change with respect to 31 December 2018 pertains to the exclusion of Italtel Telecommunications Hellas EPE from the scope.

The table below shows the companies under consolidation; the investments shown below are all controlled directly by the Holding Company Exprivia apart from the indirect subsidiaries ProSap Perù Sac, Sucursal Ecuador de Exprivia SLU, ProSAP Centroamerica SA and Exprivia IT Solution Shanghai and the subsidiaries controlled by Italtel SpA.

Company	Reference market
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
HR COFFEE Srl	Other
Exprivia Messico SA de CV	International Business
ProSAP Perù SAC	International Business
ProSAP Centroamerica S.A (Guatemala)	International Business
Sucursal Ecuador de Exprivia SLU	International Business
Spegea Scarl	Other
Italtel SpA	Telco & Media
Italtel BV	Telco & Media
Italtel Belgium Sprl	Telco & Media
Italtel Deutschland GmbH	Telco & Media
Italtel Frances Sas	Telco & Media
Italtel S.A.	Telco & Media
Italtel Poland Sp.Zo.O.	Telco & Media
Italtel U.K. Ltd	Telco & Media
Italtel Argentina S.A.	Telco & Media
Italtel Brasil Ltda	Telco & Media
Italtel Perù Sac	Telco & Media
Ausoitaltel SA	Telco & Media
Italtel Usa Llc	Telco & Media
Italtel Arabia Ltd in liquidazione	Telco & Media
Italtel Chile SpA	Telco & Media
Italtel Latam Srl	Telco & Media

It should be noted that, as at 30 June 2019, there is a first-rank pledge on the equity investments in Exprivia Projects Srl, representing 100% of its share capital, granted in respect of the loan of Euro 25 million taken out on 1 April 2016 with a pool of banks.

As at 30 June 2019, there was a pledge on Security No. 9 representative of 25,000,000 category A shares corresponding to 81% of the ordinary share capital of Italtel, granted to guarantee the obligations deriving from loan agreements taken out by Italtel. The voting rights and the dividend right remain with the shareholder. There are no other third parties guarantees made by Exprivia SpA with respect to Italtel SpA.

Company	H.O.	Value	Company capital	Value	Results for period	Net worth	Total revenues	Total Assets	% of holding	
Advanced Computer Systems D-Gmbh	Offenbach (Germania)	amount in Euro	25,000	amount in thousand Euro	(4)	37	245	217	100.00%	Exprivia SpA
Consorzio Exprivia S.c.a.r.l	Milano	amount in Euro	20,000	amount in thousand Euro	(4)	17	-	2,570	70.00% 25.00% 5.00%	Exprivia SpA Italtel SpA Exprivia Projects Srl
Exprivia ASIA Ltd	Hong Kong	amount in dollaro	2,937,850	amount in thousand Euro	(8)	(68)	-	570	100.00%	Exprivia SpA
Exprivia It Solutions (Shanghai) Ltd	Shanghai (Cina)	amount in Renminbi	1,730,000	amount in thousand Euro	9	(355)	517	494	100.00%	Exprivia ASIA Ltd
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	amount in Real	5,890,663	amount in thousand Euro	61	1,656	1,288	2,286	52.30% 47.70%	Exprivia SpA Siemest SpA
Exprivia Projects Srl	Roma	amount in Euro	242,000	amount in thousand Euro	36	423	8,119	5,336	100.00%	Exprivia SpA
HRCOFFEE Srl	Molfetta (BA)	amount in Euro	300,000	amount in thousand Euro	(62)	196	-	243	70.00% 30.00%	Exprivia SpA persone fisiche
Succursal Ecuador de Exprivia SLU	Quito (Ecuador)	amount in USD	10,000	amount in thousand Euro	(2)	(13)	-	4	100.00%	Exprivia SLU
Spegea Scarl	Bari	amount in Euro	125,000	amount in thousand Euro	46	261	427	1,335	60.00% 40.00%	Exprivia SpA Confindusria Bari
Exprivia SLU	Madrid (Spagna)	amount in Euro	197,904	amount in thousand Euro	(277)	2,748	940	4,879	100.00%	Exprivia SpA
ProSap Centroamerica SA	Città del Guatemala (Guatemala)	amount in Quetzal	5,000	amount in thousand Euro	(33)	209	73	551	98.00% 2.00%	Exprivia Messico SA de CV Exprivia SpA
Exprivia Messico SA de CV	Città del Messico (Messico)	amount in Pesos messicani	41,208,999	amount in thousand Euro	(246)	1,865	376	2,901	2.00% 98.00%	Exprivia SLU Exprivia SpA
ProSap Perù SAC	Lima (Perù)	amount in Nuevo Sol	706,091	amount in thousand Euro	-	17	-	33	100.00%	Exprivia SLU
Italtel SpA	Settimo Milanese (MI)	amount in Euro	20,000,001	amount in thousand Euro	(10,506)	17,705	105,763	419,066	81.00% 19.00%	Exprivia SpA Cisco Srl
Italtel BV	Amsterdam (Olanda)	amount in Euro	1,800,000	amount in thousand Euro	325	3,985	-	4,165	100.00%	Italtel Latam Srl
Italtel S.A.	Madrid (Spagna)	amount in Euro	7,353,250	amount in thousand Euro	(541)	8,202	12,666	22,045	100.00%	Italtel SpA
Italtel Argentina S.A.	Buenos Aires (Argentina)	amount in P.A.	38,049,280	amount in thousand Euro	(351)	3,402	7,478	10,739	71.46% 28.54%	Italtel BV Italtel Latam Srl
Italtel Brasil Ltda	San Paolo (Brasile)	amount in Brazilian Real	15,456,636	amount in thousand Euro	(310)	1,662	17,074	21,716	93.66% 6.34%	Italtel Latam Srl Italtel BV
Italtel Deutschland GmbH	Dusseldorf (Germania)	amount in Euro	40,000	amount in thousand Euro	(380)	1,876	2,296	4,259	100.00%	Italtel SpA
Italtel France Sas	Courbevoie (Francia)	amount in Euro	40,000	amount in thousand Euro	(185)	(458)	2,468	2,062	100.00%	Italtel SpA
Italtel U.K. Ltd	London (Gran Bretagna)	amount in UK Sterling	26,000	amount in thousand Euro	(5)	(16)	-	-	100.00%	Italtel SpA
Italtel Belgium Sprl	Bruxelles (Belgio)	amount in Euro	200,000	amount in thousand Euro	(3)	192	-	192	60.00% 40.00%	Italtel SpA Italtel France Sas
Italtel Poland Sp.Zo.O.	Varsavia (Polonia)	amount in Zloty	400,000	amount in thousand Euro	(2)	92	389	603	100.00%	Italtel SpA
Italtel Perù Sac	Lima (Perù)	amount in Nuevo Sol	3,028,000	amount in thousand Euro	612	3,748	23,706	24,666	90.00% 10.00%	Italtel BV Iltaltel SpA
Ausoitaltel S.A.	Quito (Ecuador)	amount in US dollar	500,000	amount in thousand Euro	(143)	(731)	640	2,455	1.00% 99.00%	Italtel BV Iltaltel Latam Srl
Italtel USA LLC	Miami (Florida)	amount in US dollar	150,000	amount in thousand Euro	(478)	(299)	34	185	100.00%	Italtel SpA
Italtel Arabia Ltd in liquidazione	Riyadh (Arabia Saudita)	amount in SAR	3,287,980	amount in thousand Euro	-	(1,576)	-	12	90.00% 10.00%	Italtel SpA Italtel BV
Italtel Chile Spa	Santiago (Chile)	amount in Chile Pesos	1,000,000	amount in thousand Euro	-	1	-	1	100.00%	Italtel Latam Srl
Italtel Latam S.r.l.	Settimo Milanese (MI)	amount in Euro	10,000	amount in thousand Euro	(1)	9,842	-	10,421	100.00%	Italtel SpA

The primary exchange rates used for conversion into Euro of the financial statements of foreign companies as at 30 June 2019 were as follows:

Exchange rate	Average of 6 months to 30 June 2019	At 30 June 2019
Argentine Peso	46.814	48.568
Real brazilian	4.341	4.351
Pound Sterling	0.874	0.897
Dollar USA	1.130	1.138
Zloty polacco	4.292	4.250
Nuevo Sol peruviano	3.755	3.745
Riyal Arabia Saudita	4.237	4.268
Dollaro Hong Kong	8.861	8.887
Renminbi -Yuan (Cina)	7.667	7.819
Mexican Peso	21.654	21.820
Guatemalan Quetzal	8.697	8.774
Peso Cileno	763.128	773.850

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

The representation of the results by operating segments is carried out on the basis of the approach used by management to monitor the Group's performance. In particular, the Group has identified the segments subject to reporting on the basis of the criteria of the organisation, with reference to the related co-ordination and control structures and on the basis of the sector it belongs to within the ICT reference market.

As at 30 June 2019 the reportable segments were:

- IT (Information Technology), including software, information technology solutions and services and IT. The segment corresponds to the scope of consolidation of the Exprivia Group prior to the acquisition of control of Italtel SpA;

- TLC (Telecommunications), including the design, development and installation of solutions for integrated network systems and services within the sphere of the new generation technologies based on the IP protocol. The sector corresponds to the scope of sub-consolidation of the Italtel Group.

The following statement shows the restated financial and capital situation, which highlights the structure of invested capital and funding resources for each individual operating sector as at 30 June 2019 compared with data from 31 December 2018, for the reclassified Balance Sheet, and 30 June 2018, for the Income Statement.

Reclassified Balance Sheet

amount in thousand Euro	IT			TLC			Eliminations			CONSOLIDATED		
	30.06.2019	31.12.2018	Variazion	30.06.2019	31.12.2018	Variazion	30.06.2019	31.12.2018	Variazion	30.06.2019	31.12.2018	Variazion
Property, plant and machinery	20,533	15,039	5,494	29,258	12,653	16,605	(566)	(25)	(541)	49,226	27,667	21,559
Goodwill	79,250	79,235	15	112,594	112,594	(0)	0	0	0	191,844	191,829	15
Other Intangible Assets	10,745	11,127	(382)	38,449	41,630	(3,181)	(116)	(142)	26	49,078	52,615	(3,537)
Shareholdings	160	163	(3)	352	303	49	(0)	(0)	0	512	466	46
Other non-current financial assets	764	53	711	868	1,622	(754)	0	0	0	1,632	1,675	(43)
Deferred tax assets	2,554	2,373	181	66,144	66,575	(431)	0	0	0	68,698	68,948	(250)
NON-CURRENT ASSETS	**114,006**	**107,989**	**6,017**	**247,665**	**235,377**	**12,289**	**(682)**	**(167)**	**(514)**	**360,990**	**343,199**	**17,791**
Trade recivables	55,323	51,238	4,085	88,798	107,491	(18,693)	(2,483)	(3,085)	602	141,639	155,643	(14,004)
Stock	992	766	226	49,334	33,180	16,154	0	0	0	50,326	33,946	16,381
Work in progress to order	24,501	19,769	4,732	50,088	44,270	5,818	(760)	(65)	(695)	73,828	63,975	9,854
Other Current Assets	13,632	11,322	2,310	30,725	34,912	(4,187)	(3,468)	(1,604)	(1,864)	40,889	44,630	(3,741)
CURRENT ASSETS	**94,448**	**83,095**	**11,353**	**218,945**	**219,853**	**(908)**	**(6,711)**	**(4,754)**	**(1,957)**	**306,682**	**298,193**	**8,489**
DISCONTINUED NON CURRENT ASSETS	**0**	**0**	**0**	**12**	**106**	**(94)**	**0**	**0**	**0**	**12**	**106**	**(94)**
Commercial debts	(24,536)	(24,123)	(413)	(179,316)	(174,275)	(5,041)	3,029	3,143	(114)	(200,823)	(195,255)	(5,568)
Advances on contract work in progress	(4,900)	(5,349)	449	(1,629)	(2,143)	514	0	0	0	(6,529)	(7,492)	963
Other current liabilities	(39,931)	(33,029)	(6,901)	(41,476)	(42,002)	526	3,504	1,604	1,900	(77,902)	(73,427)	(4,475)
CURRENT LIABILITIES	**(69,366)**	**(62,501)**	**(6,865)**	**(222,421)**	**(218,420)**	**(4,001)**	**6,533**	**4,747**	**1,786**	**(285,254)**	**(276,174)**	**(9,080)**
DISCONTINUED NON CURRENT LIABILITIES	**0**	**0**	**-**	**(386)**	**(386)**	**0**	**0**	**0**	**0**	**(386)**	**(386)**	**0**
NON-CURRENT FUNDS AND LIABILITIES	**(14,617)**	**(15,680)**	**1,063**	**(29,705)**	**(33,155)**	**3,450**	**0**	**0**	**0**	**(44,322)**	**(48,835)**	**4,513**
NET INVESTED CAPITAL	**124,471**	**112,903**	**11,568**	**214,110**	**203,375**	**10,735**	**(860)**	**(175)**	**(685)**	**337,722**	**316,103**	**21,619**
NET FINANCIAL POSITION	**60,298**	**48,460**	**11,838**	**192,122**	**168,874**	**23,248**	**(699)**	**0**	**(699) 1)**	**251,721**	**217,334**	**34,388**

1) The net financial position indicated above differs from that reported in the notes to the financial statements due to the treasury shares held by the Parent Company, which are not shown in the table above

Income Statement

amount in thousand Euro	IT			TLC			Eliminations			CONSOLIDATED		
	30.06.2019	30.06.2018	Variazion	30.06.2019	30.06.2018	Variazion	30.06.2019	30.06.2018	Variazion	30.06.2019	30.06.2018	Variazion
Revenues	76,767	76,751	17	163,107	197,246	(34,139)	(2,027)	(2,198)	171	237,847	271,798	(33,951)
Other income	2,708	2,189	519	11,484	13,196	(1,712)	(451)	(281)	(170)	13,741	15,018	(1,277)
TOTAL REVENUES	**79,475**	**78,940**	**535**	**174,591**	**210,442**	**(35,851)**	**(2,478)**	**(2,479)**	**1**	**251,588**	**286,816**	**(35,228)**
Costs for consumables and finished p	(1,997)	(2,567)	570	(87,393)	(106,338)	18,945	0	0	0	(89,390)	(108,905)	19,515
Personnel costs	(54,148)	(53,297)	(851)	(43,961)	(46,154)	2,193	(0)	0	(0)	(98,109)	(99,451)	1,342
Costs for services	(16,534)	(14,799)	(1,735)	(52,918)	(62,521)	9,603	2,208	2,476	(269)	(67,244)	(74,844)	7,600
Costs for use of third-party assets	(328)	(1,656)	1,328	(266)	(2,142)	1,876	58	0	58	(536)	(3,712)	3,176
Different management charges	(494)	(406)	(87)	(1,703)	(2,307)	604	(0)	(1)	1	(2,197)	(2,714)	517
Change in inventories	268	(12)	281	16,112	10,924	5,188	(0)	0	(0)	16,380	10,912	5,468
Provisions and write-downs of current	(58)	(150)	91	0	0	0	0	0	0	(58)	(150)	92
TOTAL COSTS	**(73,291)**	**(72,887)**	**(404)**	**(170,129)**	**(208,538)**	**38,409**	**2,266**	**2,475**	**(209)**	**(241,154)**	**(278,864)**	**37,710**
EBITDA	**6,184**	**6,052**	**132**	**4,462**	**1,904**	**2,558**	**(212)**	**(4)**	**(208)**	**10,434**	**7,952**	**2,482**
Amortization and depreciation of non-current assets	(3,190)	(2,029)	(1,161)	(10,895)	(7,412)	(3,483)	203	0	203	(13,882)	(9,441)	(4,441)
EBIT	**2,994**	**4,023**	**(1,029)**	**(6,433)**	**(5,508)**	**(925)**	**(9)**	**(4)**	**(5)**	**(3,448)**	**(1,489)**	**(1,959)**
Financial income and (expense) from equity investments	(1,935)	(2,158)	223	(4,085)	(9,384)	5,299	10	0	10	(6,010)	(11,542)	5,532
RESULT ANTE TAXES	**1,059**	**1,865**	**(806)**	**(10,518)**	**(14,892)**	**4,374**	**1**	**(4)**	**5**	**(9,458)**	**(13,031)**	**3,573**
Taxes	(685)	(1,000)	315	(880)	750	(1,630)	(1)	1	(1)	(1,565)	(250)	(1,315)
PROFIT (LOSS) FOR THE YEAR DERIVING FROM OPERATING ACTIVITIES	**0**	**0**	**0**	**0**	**(26)**	**26**	0	0	0	**0**	**(26)**	**26**
PROFIT (LOSS) FOR THE YEAR	**374**	**865**	**(491)**	**(11,398)**	**(14,168)**	**2,770**	**0**	**(3)**	**3**	**(11,023)**	**(13,306)**	**2,283**

As required by IFRS 8 (paragraphs 32-34) and IFRS 15 information regarding revenues by type of product and service is provided below based on each segment subject to disclosure:

Exprivia Group (amounts in thousand Euro)	30/06/2019			30/06/2018			Variations		
	IT	TLC	Total	IT	TLC	Total	IT	TLC	Total
Projects and Services	65,079	35,221	100,300	62,588	34,660	97,248	2,491	561	3,052
Maintenance	7,883	21,822	29,705	8,453	28,772	37,225	(570)	(6,950)	(7,520)
HW/SW third parties	1,392	-	1,392	2,120	-	2,120	(728)	-	(728)
Own licences	554	5,605	6,159	1,380	11,740	13,120	(826)	(6,135)	(6,961)
System Integration	-	99,907	99,907	(1)	121,676	121,675	1	(21,769)	(21,768)
Other	384	-	384	410	-	410	(26)	-	(26)
Total revenues third parties (a)	**75,292**	**162,555**	**237,847**	**74,950**	**196,848**	**271,798**	**342**	**(34,293)**	**(33,951)**
Intersectoral revenues (b)	1,475	552		1,801	398		(326)	154	
Total revunues (a+b)	**76,767**	**163,107**	**237,847**	**76,751**	**197,246**	**271,798**	**15**	**(34,139)**	**(33,951)**

Below is information regarding revenues by customer type, public or private, and by geographical area.

Exprivia Group (amounts in thousands Euro)	30/06/2019	Incidence %	30/06/2018	Incidence%
Private	212,977	89.5%	254,457	93.6%
Public	24,870	10.5%	17,341	6.4%
TOTAL	**237,847**		**271,798**	

Exprivia Group (amounts in thousands Euro)	30/06/2019	Incidence %	30/06/2018	Incidence%
Italy	162,256	68.2%	200,268	73.7%
Abroad	75,591	31.8%	71,530	26.3%
TOTAL	237,847		271,798	

SEASONAL ADJUSTMENT FOR THE BUSINESS OF REFERENCE

Seasonality of business of reference affects annual and interim apportioning of revenues and margins in particular in the TLC Operating Sector. This seasonality occurs in both the Italian and the international markets and is connected not only to the complexity of projects managed, but also to the distribution during the year of customers' expense budgets.

KEY EVENTS AFTER THE END OF THE REPORTING PERIOD

On 5 July 2019, the Company announced that the allocation of the 2018 performance-related bonus to the company's employees had been finalised. The total amount issued amounted to roughly Euro 0.5 million. Part of this amount was issued in own shares held by the Company for a total distribution of 30,000 shares.

On 11 July 2019 the Exprivia Group was granted a lot in the tender for the Front office service of Enel Energy. The contract has a duration of three years and consists of the provision of front office services for the commercial management of residential and business customers. Exprivia had already been awarded the contract for the same services in the 2016-2018 three year period.

On 1 August 2019 Exprivia SpA undersigned the contract for the acquisition of 20% of the share capital of the company QuestIT, specialised in artificial intelligence technology and applications.

TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with Consob notice no. DEM 6064293 of 28 July 2006, it should be pointed out that in the first six months of 2019 the Group did not undertake any atypical and/or unusual operations, as defined in the notification itself.

Explanatory Notes on the Consolidated Balance Sheet

All the figures reported in the tables below are in thousands of Euro, unless expressly indicated.

NON-CURRENT ASSETS

Note 1 - Property, plant and machinery

The net balance relating to the item **“property, plant and machinery”** amounted to Euro 49,226 thousand as at 30 June 2019 compared to Euro 27,667 thousand at 31 December 2018.

The adoption of IFRS 16 as from 1 January 2019 has involved the recognition of fixed assets for a total of Euro 24,440.

Evidence of the adjustments made on opening balances, as well as details of the changes during the period for each of the asset category, are reported below:

Categories	Net value at 01/01/2019	IFRS adjustments 16 at 01/01/2019	Adjusted net value at 01/01/2019	Historical cost increases at 30/06/2019	Decreases historical cost at 30/06/2019	Provision for period	Depreciation fund decreases at 30/06/2019	Net value at 30/06/2019
Land	1,663	-	1,663	-	(58)	-	-	1,605
Buildings	18,176	21,042	39,218	795	(1,520)	(2,740)	1,427	37,179
Plant and machinery	981	-	981	198	(23)	(143)	(17)	996
Industrial equipment	1,769	10	1,779	125	(3)	(387)	3	1,517
Others	4,635	3,388	8,024	1,464	(1,474)	(1,851)	1,410	7,573
Fixed assets in progress	443	-	443	122	(209)	-	-	356
TOTAL	**27,667**	**24,440**	**52,107**	**2,704**	**(3,287)**	**(5,121)**	**2,823**	**49,226**

The increase in the “**buildings**” item, of Euro 795 thousand, relates mainly to the recognition of the right of use pursuant to IFRS 16 of lease contracts agreed during the period relating to new offices for Italtel Spagna in Barcelona, for Euro 535 thousand, the office in Colombia of Italtel SpA for Euro 107 thousand and the office in Castelletto of Italtel SpA for Euro 109 thousand. Vice versa, decreases were recognised in the period whose net value as at 30 June 2019 was of Euro 93 thousand. The decrease in the historical cost of Euro 1,520 thousand relates mainly to the termination of old lease contracts relative to the offices in Barcelona (Euro 513 thousand) and Colombia (Euro 262 thousand) and the disposal of the office in France (Euro 513 thousand), as well as the sale for Euro 232 thousand of the property of Exprivia SpA in Viale Pio XI 40 in Molfetta.

The increase in the item “**industrial equipment**” refers mainly to industrial equipment used for the development of software solutions and the test plants for products intended for the TLC market, while the increase in the item “**other assets**”, equal to Euro 1,464 thousand, refers to purchases of electronic office machines and computers for the technology renewal of information systems and updating of the data network of Group companies for Euro 790 thousand and for leased assets for Euro 674 thousand. The decreases in the period are mainly attributable to scrapping of assets that have been fully depreciated and have already been excluded from the production process.

The increase in the item “**fixed assets in progress**”, of Euro 122 thousand, refers for Euro 80 thousand to investments by Italtel SpA and, for Euro 42 thousand, to the realisation of a Security Operation Centre in Brazil.

As at 30 June 2019, land, industrial buildings, plant and machinery, industrial equipment and other assets of the Italtel Group included assets subject to first mortgages, pledge and special liens, in relation to the loans received by Italtel SpA as described in the comments to note 18.

Please note that there is a first mortgage on the real estate complex located in Molfetta (BA) at Via Olivetti 11, owned by Exprivia SpA, for a maximum amount of Euro 50 million to guarantee the precise fulfilment of obligations arising from the Euro 25 million loan taken out on 1 April 2016 from a pool of banks (for additional details, please see note 18).

The change in the details relative to the rights of use recognised pursuant to IFRS 16 as well as the assets already previously recognised as leases by application of IAS 17, are reported below:

Description	Net value at 01/01/2019	Increases at 30/06/2019	Decreases at 30/06/2019	Ammortization	Decreases in cumulated ammortization at 30/06/2019	Net value at 30/06/2019
Land and building	21,043	794	(1,288)	(2,224)	1,288	19,613
Electronic office machines	87	-	-	(15)	-	73
Furniture and furnishings	248	-	-	(47)	-	201
Industrial equipment	10	-	-	(1)	-	9
Cars	3,344	674	(645)	(963)	633	3,043
TOTAL	**24,732**	**1,468**	**(1,933)**	**(3,249)**	**1,921**	**22,939**

It is specified that the changes reported above include assets already previously recognised as leases by application of IAS 17, whose net value as at 1 January 2019 and 30 June 2019 amounted respectively to Euro 292 thousand and Euro 237 thousand.

Financial liabilities relative the to current value of the remaining lease payments due as at 30 June 2019 was of Euro 23.7 million, of which 5.5 million classified under current liabilities and 18.3 million classified under non-current liabilities.

Note 2 - Goodwill

The item "**goodwill**" amounted to Euro 191,844 thousand as at 30 June 2019 compared to Euro 191,829 thousand as at 31 December 2018.

Consistent with the Group's strategic vision and in line with previous financial years, the following CGUs were identified according to the specificity of the related management and coordination structures of the business, as well as the related sector in the ICT market:

- **CGU IT**, software and IT services corresponding to the scope of consolidation of the Exprivia Group prior to the acquisition of control over Italtel Spa;
- **CGU TLC**, TLC network infrastructures and services corresponding to the scope of sub-consolidation of the Italtel Group.

The allocation of the goodwill to the reference CGUs is carried out on the basis of the transactions from which its originates, in particular goodwill arising from business combinations through which assets were acquired and assigned to specific CGUs from an operational standpoint was allocated to the respective CGUs.
The table below summarises allocation of goodwill to CGUs identified:

Goodwill	30/06/2019	30/06/2018
amounts in thousands of Euro		
CGU IT	79,250	79,235
CGU TLC	112,594	112,594
TOTAL	**191,844**	**191,829**

In accordance with IAS 36, in the first half of 2019 the Group carried out an analysis for each individual Cash Generating Unit (CGU) in order to identify the existence of specific impairment indicators such as to have an impact on the recoverable value of the same and the goodwill recognised in the financial statements.

An analysis was carried out of the final results of the first half of 2019, which were lower than anticipated for the same period, including:

- for the TLC CGU in the 2017 – 2023 Industrial Plan approved by the Board of Directors of Italtel SpA on 19 July 2017 (“Italtel Plan”);
- for the IT CGU in the 2018 – 2023 Industrial Plan approved by the Board of Directors of Exprivia on 18 July 2018 (“Exprivia Plan”);

The TLC CGU achieved results, in terms of revenues and margins, lower than the forecasts in the Italtel Plan. The analysis carried out indicated that the discrepancy was due to a mainly foreign market trend, as the contraction of the domestic market had already been taken into account in the assumptions on which the Italtel Plan was based, even though to a lower extent compared to the final data.

The IT CGU achieved results in terms of revenue essentially in line with the Exprivia Plan recording, however, a reduction in the anticipated margins.

On the basis of the analyses carried out, it is believed that the discrepancies recorded for both CGUs are such as to indicate the need to carry out an updated of the impairment test carried out for the financial statements as at 31 December 2018.

Therefore, as at 30 June 2019 the recoverability of the amount of goodwill carried in the consolidated interim financial statements is checked by comparing the book value allocated to each CGU and the recoverable amount in the definition of value in use. At the date of analysis, the latter is identified as the current value of future cash flow expected to be generated by the CGUs. The “DCF - Discounted Cash Flow” model was used in determining the value in use. The DCF discounts estimated future cash flow by applying an appropriate discount rate.

For the purpose of the projections required by IAS 36, strict reference was made to the current condition of use of each CGU regardless of the cash flow from any investment plans and extraordinary transactions that may constitute a “break” from normal company operations.

The Group’s management has examined the reasons for the differences between the past cash flow projections and current cash flows and deemed it opportune as a precautionary measure, in the light of the final variances, to update the economic and financial projections for the 2019-2023 financial years.

The operating cash flows for the explicit 2019-2023 period used for the purposes of the valuation of the recoverable value are based on economic and financial projections for the TLC and IT CGUs submitted for the approval respectively of the Board of Directors of Italtel SpA on 5 August 2019 and of the Board of Directors of Exprivia SpA on 6 August 2019. These projections are based on reasonable assumptions, are reliable and represent the best estimates of the management on the basis of the information available at the present date, of the economic conditions that will apply during the remaining useful life of the CGUs, taking into account also evidence from the outside.

The impairment tests of the TLC CGU and the IT CGU were approved by the Board of Directors of Exprivia SpA on 6 August 2019.

The terminal value was calculated as the present value of the perpetuity obtained by capitalising the cash flow generated in the last analytical forecast period at a long-term growth rate (G-rate) equal to the average of the long-term inflation rates expected for the main countries in which the CGUs operate.

The Wacc (Weighted Average Cost of Capital) discount rates used to discount the cash flows of each CGU were determined as the average of the specific discount rates for the main countries in which the CGUs operate, weighted on the basis of the respective weight envisaged in the last year of the plan.

The Beta ratios have been estimated on the basis of a panel of comparable companies specific for each CGU.

The weighted average cost of capital was increased to incorporate an execution risk of the plans, calculated on the basis of the average deviation percentage between the EBITDA achieved and the EBITDA estimated in the last three years.

IT CGU Impairment test

With reference to the IT CGU, the operating cash flow projections for the explicit 2019-2023 period used for value measurement purposes are based on the updated 2019-2023 financial and economic projections approved by the Board of Directors of Exprivia SpA on 6 August 2019.

The main economic and financial assumptions underlying the 2019-2023 financial forecasts are listed below:

- for 2019 the projections reflect final data as at 30 June and the visibility relative to the second half of the financial year;
- for 2020-2023 the projections reflect an average compound annual growth rate of Total Revenue of 2.5% (CAGR 2019-2023) and average profit margin of 10.3%.

The valuation parameters used for establishing the value in use of the IT CGU are presented below:

Parametri	Italia	Brasile	Hong Kong	Spagna	Messico
Risk free rate	2,8%	2,7%	2,7%	1,3%	2,7%
Market risk premium	5,6%	5,6%	5,6%	5,6%	5,6%
D/E	14,7%	14,7%	14,7%	14,7%	14,7%
Beta unlevered	66,0%	66,0%	66,0%	66,0%	66,0%
Beta levered	75,6%	75,6%	75,6%	75,6%	75,6%
Risk Premium	4,2%	4,2%	4,2%	4,2%	4,2%
Country Risk Premium	0,0%	4,2%	0,7%	0,0%	1,7%
Premio per il rischio addizionale	1,1%	1,1%	1,1%	1,1%	1,1%
Costo del capitale proprio (Ke)	**8,1%**	**12,2%**	**8,7%**	**6,5%**	**9,7%**
Kd (IRS 10 anni)	0,7%	2,7%	2,7%	0,7%	2,7%
Spread	4,9%	4,9%	4,9%	4,9%	4,9%
Costo del debito (Kd Pre tax)	**5,6%**	**7,6%**	**7,6%**	**5,6%**	**7,6%**
Aliquota IRES / IS	24,0%	34,0%	34,0%	25,0%	30,0%
Costo del debito (Kd after Tax)	**4,3%**	**5,0%**	**5,0%**	**4,2%**	**5,3%**
D/D+E	12,8%	12,8%	12,8%	12,8%	12,8%
E/D+E	87,2%	87,2%	87,2%	87,2%	87,2%
WACC	**7,6%**	**11,3%**	**8,2%**	**6,2%**	**9,1%**
Inflazione USA		2,2%	2,2%		2,2%
Inflazione Area Euro		**2,0%**	**2,0%**		**2,0%**
WACC (EUR)	**7,6%**	**11,0%**	**8,0%**	**6,2%**	**8,9%**
Fattore di ponderazione (EBITDA per paese)	***94,7%***	***2,1%***	***0,5%***	***0,4%***	*2,3%*
WACC Medio ponderato per Paese	**7,7%**				

Parametri	Italia	Brasile	Hong Kong	Spagna	Messico
G Rate (CPI di lungo termine per paese)	**1,6%**	**4,0%**	**2,5%**	**1,9%**	**3,0%**
Fattore di ponderazione (EBITDA per paese)	*94,7%*	*2,1%*	*0,5%*	*0,4%*	*2,3%*
G rate medio ponderato con EBITDA medio per paese	**1,7%**				

The impairment test performed did not show any impairment that should be reflected in the condensed interim consolidated financial statements as at 30 June 2019.

IT CGU Sensitivity Analysis

A sensitivity analysis was carried out on the outcome of the impairment tests assuming the following changes:

- an increase in the weighted average cost of capital of up to 1%;
- a decrease in the growth rate “G” up to 1%;

- a change in the estimated EBITDA in the projections of 10%;
- the combined change in all three variables indicated above starting from a WACC net of the premium for the additional risk that incorporates the projections' execution risk.

The sensitivity analysis shows that the values used are higher than the book values.

TLC CGU Impairment test

With reference to the TLC CGU, the operating cash flow projections for the explicit 2019-2023 year period used for value measurement purposes are based on the updated 2019-2023 financial and economic projections approved by the Board of Directors of Italtel SpA on 5 August 2019.

The main economic and financial assumptions underlying the 2019-2023 financial forecasts are listed below:

- for 2019 the projections reflect final data as at 30 June and the visibility relative to the second half of the financial year;
- for 2020-2023 the projections reflect an annual compound average growth rate of Total Revenue of 0.9% (CAGR 2019-2023) and average profit margin of 6%.

The valuation parameters used for establishing the value in use of the TLC CGU are presented below:

Parametri	Italia	Brasile	Francia	Argentina	Perù	Colombia	Spagna	Germania
Risk free rate	2,8%	2,7%	0,6%	2,7%	2,7%	2,7%	1,3%	0,2%
Market risk premium	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%
D/E	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%
Beta unlevered	107,9%	107,9%	107,9%	107,9%	107,9%	107,9%	107,9%	107,9%
Beta levered	110,2%	110,2%	110,2%	110,2%	110,2%	110,2%	110,2%	110,2%
Risk Premium	6,1%	6,1%	6,1%	6,1%	6,1%	6,1%	6,1%	6,1%
Country Risk Premium	0,0%	4,2%	0,0%	7,6%	1,7%	2,6%	0,0%	0,0%
Premio per il rischio addizionale	1,9%	1,9%	1,86%	1,9%	1,9%	1,9%	1,9%	1,9%
Costo del capitale proprio (Ke)	**10,8%**	**14,9%**	**8,55%**	**18,4%**	**12,4%**	**13,4%**	**9,2%**	**8,2%**
Kd (IRS 10 anni)	0,7%	2,7%	0,7%	0,7%	0,7%	2,7%	0,7%	0,7%
Spread	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%
Costo del debito (Kd Pre tax)	**3,7%**	**5,7%**	**3,7%**	**3,7%**	**3,7%**	**5,7%**	**3,7%**	**3,7%**
Aliquota fiscale	24,0%	34,0%	33,0%	25,0%	29,5%	33,0%	25,0%	30,0%
Costo del debito (Kd after Tax)	**2,8%**	**3,7%**	**2,5%**	**2,8%**	**2,6%**	**3,8%**	**2,8%**	**2,6%**
D/D+E	2,1%	2,1%	2,1%	2,1%	2,1%	2,1%	2,1%	2,1%
E/D+E	97,9%	97,9%	97,9%	97,9%	97,9%	97,9%	97,9%	97,9%
WACC	**10,6%**	**14,6%**	**8,4%**	**18,0%**	**12,2%**	**13,2%**	**9,1%**	**8,0%**
Inflazione USA		2,2%		2,2%	2,2%	2,2%		
Inflazione Area Euro		**2,0%**		**2,0%**	**2,0%**	**2,0%**		
WACC (EUR)	**10,6%**	**14,4%**	**8,4%**	**17,8%**	**12,0%**	**12,9%**	**9,1%**	**8,0%**
Fattore di ponderazione (EBITDA per paese)	***60,5%***	***9,1%***	***3,7%***	***2,2%***	***9,7%***	***1,7%***	***10,0%***	***3,1%***
WACC Medio ponderato per Paese	**11,0%**							

Parametri	Italia	Brasile	Francia	Argentina	Perù	Colombia	Spagna	Germania
G Rate (CPI di lungo termine per paese)	**1,6%**	**4,0%**	**1,9%**	**5,8%**	**2,0%**	**3,0%**	**1,9%**	**2,2%**
Fattore di ponderazione (EBITDA per paese)	*60,5%*	*9,1%*	*3,7%*	*2,2%*	*9,7%*	*1,7%*	*10,0%*	*3,1%*
G rate medio ponderato con EBITDA medio per paese	**2,0%**							

The impairment test performed did not show any impairment that should be reflected in the condensed interim consolidated financial statements as at 30 June 2019.

TLC CGU Sensitivity Analysis

A sensitivity analysis was carried out on the outcome of the impairment tests assuming the following changes:

- an increase in the weighted average cost of capital of up to 1%;
- a decrease in the growth rate "G" up to 1%;
- a change in the estimated EBITDA in the projections of 10%;
- the combined change in all three variables indicated above starting from a WACC net of the premium for the additional risk that incorporates the projections' execution risk.

The sensitivity analysis has highlighted that the "threshold" parameters, that is to say those that lead to a zero resetting of the difference between the value in use and the book value, are of approximately 1%, for the "G" growth rate, and of approximately 11.5% for WACC. A change of -10% in the EBITDA, all other parameters remaining unchanged, would involve a negative difference between the value in use and the carrying amount of approximately Euro 14 million. And lastly, a change of -10% in the EBITDA combined with an increase in the weighted average cost of capital of up to 1% (starting with a WACC net of the premium between the additional risk that incorporates the execution risk of the projections) and a decrease in the growth rate "G" up to 1% would lead to a negative difference between the value in use and the book value of approximately Euro 12 million.

As highlighted in the above mentioned sensitivity analysis, even limited changes in the reference parameters (e.g. an increase in the risk free rate or the reduction in the EBITDA forward-looking statements) could have negative impacts on the test outcome and, therefore, on the value of goodwill allocated to the TLC CGU.

Note 3 - Other intangible assets

The item "**Other intangible assets**" amounted to Euro 49,078 thousand as at 30 June 2019 (net of amortisation) compared to Euro 52,615 thousand as at 31 December 2018.

The table below provides a summary of the item.

Categories	Net value at 01/01/2018	Increases at /06/Sunday	Decrease at 30/06/2019	Deprec. quota for period	Net value at 30/06/2019
Other intangible assets	22,611	237	-	(938)	21,910
Costs for capitalized internal projects	20,379	5,197	-	(7,247)	18,329
Patents and Intellectual Property Rights	1,729	575	-	(594)	1,710
Assets under construction and Advances	7,896	222	(990)	-	7,129
TOTAL	**52,615**	**6,231**	**(990)**	**(8,778)**	**49,078**

The increase in the item "**costs for capitalised internal projects**" is mainly due to the development of software applications in the TLC sector for Euro 3,346 thousand and in the IT sector for the Banking & Finance, Healthcare and Defence & Aerospace markets for Euro 1,851 thousand.

It should be noted that the item "**work in progress**" mainly relates to "costs for capitalised internal projects" as a result of projects that have not yet been completed, relative to Exprivia SpA (Euro 3,159 thousand) and Italtel (Euro 3,978 thousand). The increases in the period are mainly due to the TLC sector (Euro 217 thousand).

Note 4 - Equity investments

The balance of the item "**equity investments**" as at 30 June 2019 amounted to Euro 512 thousand compared to Euro 466 thousand as at 31 December 2018.

The composition of equity investments is described below.

Equity investments in associates

The balance of the item "**equity investments in associates**" as at 30 June 2019 amounted to Euro 88 thousand compared to Euro 76 thousand as at 31 December 2018.

The table below provides details on the item:

Description	30/06/2019	31/12/2018	Variations
Cored - Consorzio Reti 2000 in liquidazione	76	76	-
U.T.E. Italtel retevision	12	0	12
TOTAL	**88**	**76**	**12**

The aforementioned equity investments are held by Italtel SpA and are valued with the equity method.

Equity investments in other companies

The balance of the item "**equity investments in other companies**" as at 30 June 2019 amounted to Euro 424 thousand compared to Euro 390 thousand as at 31 December 2018.

The table below provides details on the item:

Description	30/06/19	31/12/18	Variation
Ultimo Miglio Sanitario	3	3	-
Certia	1	1	-
Conai	1	1	-
Software Engineering Research	12	12	-
Consorzio Biogene	3	3	-
Consorzio DARe	1	1	-
Consorzio DHITECH	17	17	-
H.BIO Puglia	12	12	-
Consorizio Italy Care	10	10	-
Consorzio DITNE	6	6	-
Consorzio Daisy-Net Partecipation	14	14	-
Cattolica Popolare Soc. Cooperativa	23	23	-
Innoval Scarl	3	3	-
Partecipazione Consorzio SILAB-Daisy	7	7	-
ENFAPI CONFIND Partecipation	1	1	-
Partecipazione Consorzio GLOCAL ENABLER	2	2	-
Consorzio Heath Innovation HUB/Consorzio Semantic Valley	3	0	3
Cefriel Scarl	69	69	-
Banca di Credito Cooperativo di Roma	9	9	-
Consorzio Createc	7	7	-
Consorzio Milano Ricerche	15	15	-
Consel- Consorzio Elis per la Formazione Professionale Superiore Scarl	1	1	-
SISTEL - Comunicacose Automacoa e Sistemas SA	36	36	-
Parco Scientifico e Tecnologico della Sicilia ScpA	2	2	-
Consorzio COFRIDIP	3	3	-
Distretto Teconoligico, Sicilia Micro e Nano Sistemi Scarl	27	27	-
SI-LAB Sicilia Scarl	6	6	-
Open Hub Med Scarl	130	100	30
MADE S.c.r.l.	2	-	2
TOTAL	**424**	**390**	**34**

Note 5 - Other non-current financial assets

The balance of the item "**other non-current financial assets**" as at 30 June 2019 amounted to Euro 2,140 thousand compared to Euro 2,700 thousand as at 31 December 2018.

Details on the item in question are provided below:

Description	30/06/19	31/12/18	Variation
Non-current financial receivables from parent companies	1,358	1,784	(426)
Non-current financial receivables from others	777	911	(134)
Derivative financial instruments	5	5	0
TOTAL	**2,140**	**2,700**	**(560)**

Non-current financial receivables from parent companies

The balance of the item "**receivables from parent companies**", amounting to Euro 1,358 thousand as at 30 June 2019, compared to Euro 1,784 thousand at 31 December 2018, refers to the receivable due to the Holding Company Exprivia SpA from its parent company Abaco Innovazione SpA as a result of the loan agreement stipulated by the parties in 2016. The loan, totalling Euro 2,985 thousand, was disbursed in the form of Euro 1,680 thousand in cash and Euro 1,305 thousand through the reclassification of payables outstanding as at 31 December 2015. The loan term has been established as 7 equal, deferred annual instalments with increasing principal repayments. The decrease relates to the amount of the instalment amount due on 4 April 2020 reclassified to "**other current financial assets**" (note 12).

Other non-current financial receivables

The balance of the item "**other non-current financial receivables**" as at 30 June 2019 amounted to Euro 777 thousand compared to Euro 911 thousand as at 31 December 2018.

The item includes Euro 413 thousand referring to long-term guarantee deposits; Euro 291 thousand referring to financial receivables for leases deriving from some contracts with customers containing obligations that qualify as leases and for which IAS 15 was applied to recognise revenue, with the resulting recognition of financial receivables for leases equal to the future payments discounted at the implicit rate of the supply agreement; lastly, Euro 73 thousand refers to the long-term portion, maturing in 2020, of costs incurred for the disbursement of loans for research projects entitled PAIMS and SIS disbursed during 2015.

Derivative financial instruments

The balance of the item "**derivative financial instruments**" as at 30 June 2019 was Euro 5 thousand, unchanged compared to 31 December 2018.

The derivative financial instruments are represented by instruments not listed on organised markets, subscribed for the purpose of hedging the interest rate risk. The fair value of these instruments was determined by an independent expert applying the Shifted Lognormal Model ("Displaced Diffusion Model") valuation model.

The fair value of these derivative instruments as at the reporting date which satisfy the requirements for being a cash flow hedge are presented below.

Hedge Accounting	Operation date	Starting date	Expiration date	Value	Amount (Euro)	Fair value
Interest Rate Cape - BNL	06/05/2016	30/06/2016	31/12/2022	EUR	2,638	2
Interest Rate Cape - BPM	11/05/2016	30/06/2016	30/12/2022	EUR	1,481	1
Interest Rate Cape - UNICREDIT	09/05/2016	30/06/2016	30/12/2022	EUR	2,638	2
TOTAL					**6,757**	**5**

With reference to the cash flow derivative instruments, it should be noted that the Holding Company Exprivia subscribed the financial instruments described above in order to neutralise the interest rate risk determined by an underlying variable interest rate loan (Euribor). These are cash flow hedges, measured at level 2 in the fair value hierarchy.

Note 6 - Other non-current assets

The balance of the item "**other non-current assets**" as at 30 June 2019 amounted to Euro 1,632 thousand compared to Euro 1,673 thousand as at 31 December 2018.

The breakdown of item is shown in the table below:

Description	30/06/2019	31/12/2018	Variation
Receivables from tax authorities	597	370	227
Receivables from tax authorities requested for	164	163	1
Other credits	871	1,140	(269)
TOTAL	**1,632**	**1,673**	**(41)**

The item **"tax receivables**" for Euro 597 thousand refer to withholding taxes applied abroad for Italtel SpA with an envisaged maturity in a period of between 2 and 8 years; the receivable is recognised net of a bad debt provision amounting to Euro 2,100 thousand in relation to receivables of dubious recovery.

The “**receivables from tax authorities requested for rebate**” amounting to Euro 164 thousand refer to sundry receivables of the Italtel Group for Euro 111 thousand and to the non-current part of the receivable for the rebate request relating to the deductibility of the IRAP tax calculated on staff costs for Euro 53 thousand. Similarly to previous years, the refunds for the years 2009 to 2011 are recognised in the item, while those relating to 2007 and 2008 were included in the item “**other current assets**”.

The item “**other receivables**” amounting to Euro 871 thousand refers to the prepayment of costs pertaining to subsequent years for Euro 865 thousand, with the remaining Euro 6 thousand refers to other receivables.

Note 7 - Deferred tax assets

The item “**deferred tax assets**” amounted to Euro 68,698 thousand as at 30 June 2019 compared to Euro 68,948 thousand at 31 December 2018, and refers to taxes on temporary deductible changes or future tax benefits. The balance of this item refers the Italtel Group for Euro 66,144 thousand (compared to Euro 66,575 thousand as at 31 December 2018).

Description	Amount temporary differ at 30/06/2019	Tax effect at 30/06/2019	Amount temporary differ	Tax effect at 31 December 2018
Depreciation	235	56	199	48
Goodwill	0	0	37	11
Allowance for doubtful accounts	4,668	1,120	4,689	1,125
Fund risks	1,424	497	5,519	1,529
Wip	47,576	12,455	47,576	12,455
Tax losses	198,127	47,969	198,498	47,842
Adjustments for IFRS	5,561	1,431	4,299	1,025
Others	21,250	5,170	20,356	4,913
TOTAL	**278,841**	**68,698**	**281,173**	**68,948**

The deferred tax assets recognised against tax losses relate, for Euro 47,091 thousand, to the tax losses of the Italtel Group whose forecast recoverability is in line with the 2019-2023 economic and financial projections used for the purposes of the updated impairment test as at 30 June 2019 and with the relative Probability Test. As at 30 June 2019, the company Italtel SpA had deferred tax assets not recognised in the financial statements relating to temporary differences and tax losses of Euro 22 million.

The probability test check, relative to the recoverability of deferred tax assets relative to Italtel Spa for Euro 63.8 million, recognised in the condensed consolidated interim financial statements of Exprivia as at 30 June 2019, takes into account, among other things, the following elements:

- the applicable tax regulations referring to the carrying forward, for the purposes of IRES (art. 84 of TUIR), of tax losses which include the possibility to calculate a reduction in the revenue of future tax periods of the above mentioned losses without time limit;
- a time horizon for checking the repayment of prepaid taxes through future taxable revenues: for this the starting point are the 2019-2023 economic and financial projections of Italtel SpA approved by the Board of Directors of Italtel on 5 August 2019; for tax periods after 2023, the company has assumed results equal to the last year of the Plan (2023) with a growth consistent with the growth rate used for the preparation of the projections used for the impairment test;
- current tax regulations referring to the deductibility of components that give rise to advanced taxes relative to temporary differences.

On the basis of the abovementioned considerations, the valuations carried out lead to believe that, taking into account the revenue flows expected in the 2019-2023 time period, included in the 2019-2023 economic and financial projections approved by the Board of Directors of Italtel SpA on 5 August 2019 and of the growth expected after this period, the ability to recover prepaid taxes recognised in the condensed consolidated interim financial statements as at 30 June 2019 have been checked and the time horizon for the recovery is consistent with the previous financial years and unchanged compared to 31 December 2018.

Even limited changes in the reference parameters (e.g. a reduction in the EBITDA forward-looking statements) could have negative impacts on the test outcome and, therefore, on the recoverability of prepaid taxes for Italtel SpA.

CURRENT ASSETS

Note 8 - Trade receivables

The balance of the item "**trade receivables**" as at 30 June 2019 amounted to Euro 141,639 thousand compared to Euro 155,643 thousand as at 31 December 2018.

The following table provides details on the item as well as a comparison with 31 December 2018.

Description	30/06/19	31/12/18	Variation
Trade receivables from customers	141,560	155,564	(14,004)
Trade receivables from associated companies	59	59	0
Trade receivables from parent companies	20	20	0
Total trade receivables	**141,639**	**155,643**	**(14,004)**

Trade Receivables - Customers

As at 30 June 2019, the item "**trade receivables - customers**" amounted to Euro 141,560 thousand (net of the bad debt provision) compared to Euro 155,564 thousand as at 31 December 2018.

The following table provides details on the item as well as a comparison with 31 December 2018.

Description	30/06/19	31/12/18	Variation
To Italian customers	89,143	95,629	(6,486)
To foreign customers	54,346	64,029	(9,683)
To public bodies	6,776	4,718	2,058
S-total receivables to customers	**150,265**	**164,376**	**(14,111)**
Less: provision for bad debts	(8,705)	(8,812)	107
Total receivables to customers	**141,560**	**155,564**	**(14,002)**

The change in the bad debt provision, of Euro 107 thousand, was mainly due to the release of the provision following the receipt of previously impaired receivables.

Trade receivables - customers, including the write-down provision, can be broken down as follows.

Details	30/06/19	31/12/18	Variation
To third parties	126,486	146,434	(19,948)
Invoices for issue to third parties	23,779	17,942	5,837
TOTAL	**150,265**	**164,376**	**(14,111)**

The value of invoices to be issued reflects the particular type of business in which group companies operate so, although many contracts can be invoiced on a monthly basis, others must follow an authorisation process which does not necessarily end in the month of reference. The amount shown in the financial statements is the amount that had been accrued up until the close of the period and which will be invoiced in the following months.

The table below shows a breakdown of receivables by date of maturity, net of invoices/credit notes to be issued and including receivables carried under the bad debts provision.

Amount of receivables	in		days past due								Allowance for doubtful accounts	Credits net of the Found
	expire	due	1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	oltre		
126,486	84,586	41,900	6,830	4,703	4,027	2,427	3,144	1,285	3,052	16,432	(8,705)	117,781
100%	67%	33%	5%	4%	3%	2%	2%	1%	2%	13%		

Trade Receivables - affiliated companies

The balance of "**receivables from associates**" as at 30 June 2019 amounted to Euro 59 thousand, unchanged from 31 December 2018 and refers to trade receivables due from the associated company Cored - Consorzio Reti Duemila in liquidation.

Trade Receivables - Parent Companies

The balance of "**receivables from parent companies**" as at 30 June 2019 amounted to Euro 20 thousand, unchanged from 31 December 2018, and refers to the receivable due to Exprivia SpA from the parent company Abaco Innovazione SpA for the charging of administrative and logistics services disciplined by an outline agreement existing between the parties.

Note 9 - Inventories

"**Inventories**" amounted to Euro 50,326 thousand as at 30 June 2019 compared to Euro 33,946 thousand at 31 December 2018 and refer to software and hardware purchased and destined to be resold in future periods.

The table below provides the detailed breakdown.

Description	30/06/19	31/12/18	Variation
Work in progress and products in progress	11,868	7,382	4,486
Finished products and goods	38,458	26,564	11,894
TOTAL	**50,326**	**33,946**	**16,380**

"**Work in progress**" represents pending costs relating to the supply of goods and services based on contracts entered into with customers and are recognised net of an impairment provision of Euro 2,199 thousand. "Finished products and goods for resale" are stated net of a write-down provision for Euro 47,462 thousand.

The increase in inventories of finished goods and goods for resale is mainly due to Italtel and is linked to the seasonality of the reference business which usual requires a greater supply of goods in the first half of the year to be destined to work orders in the second half of the year.

Note 10 – Contract work in progress

"**Contract work in progress**" amounted to Euro 73,828 thousand as at 30 June 2019 compared to Euro 63,975 thousand as at 31 December 2018 and refers to work for completion of contracts in progress. The figure is broken down into the two different operating segments below:

Business Areas	30/06/19	31/12/18	Variation
IT	23,879	19,705	4,174
TLC	49,949	44,270	5,679
TOTAL	**73,828**	**63,975**	**9,853**

The most significant amount (Euro 41,666 thousand) relates to the contract entered into by Italtel with the customer Open Fiber on the basis of the progress of activities.

Note 11 - Other current assets

As at 30 June 2019, the item **"other current assets"** amounted to Euro 40,889 thousand compared to Euro 44,629 thousand at 31 December 2018. The table below provides a breakdown:

Description	30/06/19	31/12/18	Variation
Current tax credits	6,769	16,603	(9,834)
Receivables for current taxes	1,182	760	422
Credits for contributions	24,588	20,483	4,105
Advances on grants for projects completed	16	1	15
Sundry credits	2,256	2,472	(216)
Receivables to welfare institutes/INAIL	450	378	72
Receivables to employees	548	650	(102)
Costs in future years expertise	5,080	3,282	1,798
TOTAL	**40,889**	**44,629**	**(3,740)**

The items "**current tax receivables**" and "**receivables for current taxes**" amounted to Euro 7,951 thousand compared to Euro 17,363 thousand at 31 December 2018. The change is due for Euro 10,966 thousand to the VAT credit transfer of Italtel SpA to a leading factoring company; as at 30 June 2019 the VAT credit amounted to Euro 4,939 thousand.

The item "**grants receivable**" amounting to Euro 24,588 thousand refers to the amounts receivable from the government, regional authorities and public bodies for operating and capital grants for research & development projects in relation to which reasonable certainty exists of the acknowledgement as envisaged in section 7 of the international accounting standard IAS 20. These entries will be brought to zero when the balance of the grants is collected following the final assessments made by the respective Ministries and Local Bodies. The receivables are carried net of the risk provision for any minor grants that might not be received.

The item "**other receivables**" amounted to Euro 2,256 thousand, while the balance as at 31 December 2018 was Euro 2,472 thousand.

"**Receivables from pension institutions/INAIL**" amounted to Euro 450 thousand compared to Euro 378 thousand as at 31 December 2018 and referred for Euro 220 thousand to 2019 INAIL premium paid in advance, for Euro 57 thousand to INPS receivables for employee severance indemnity accrued in relation to solidarity contracts of Italtel SpA, for Euro 161 thousand amounts to INPS for amounts paid in advance to as a result of salary integration to staff by Exprivia SpA and for Euro 12 thousand for INPS paid in advance for INPS family allowances.

"**Receivables from employees**" amounted to Euro 548 thousand and refer to advances paid for work-related travel.

The item "**expenses pertaining to future financial years**" for Euro 5,080 thousand refers to suspended costs pertaining to the following year.

Note 12 – Other current financial assets

The balance of the item "**other current financial assets**" as at 30 June 2019 amounted to Euro 3,846 thousand compared to Euro 3,787 thousand as at 31 December 2018.

The following table provides details on the item as well as a comparison with 31 December 2018.

Description	30/06/19	31/12/18	Variation
Current financial receivables from others	3,408	3,326	82
Current financial receivables from parent companies	438	461	(23)
TOTAL	3,846	3,787	59

Current financial receivables from others

The balance of "**financial receivables from others**" amounted to Euro 3,408 thousand as at 30 June 2019 compared to Euro 3,326 thousand as at 31 December 2018 and refers mainly to financial receivables for investments in monetary funds comprising Argentinian government public debt securities which can be settled and collected over the very short-term (Euro 3,062 thousand) as well as receivables from primary factory companies relative to contracts without recourse for Euro 260 thousand.

Current financial receivables from parent companies

As at 30 June 2019, the balance of "**current financial receivables from parent companies**" amounted to Euro 438 thousand compared to Euro 461 thousand at 31 December 2018 and related to the current portion of the Holding Company's financial receivable (principal and interest) due from the parent company Abaco Innovazione SpA.

Note 13 - Cash and cash equivalents

The item "**cash and cash equivalents**" amounted to Euro 16,651 thousand as at 30 June 2019 compared to Euro 19,558 thousand at 31 December 2018 and refers to Euro 16,604 thousand held at banks and Euro 47 thousand in cheques and cash in hand.

Additionally, the bank balance includes secured deposits for guarantees amounting to Euro 429 thousand undertaken in favour of banks.

Note 14 - Other financial assets available for sale

The item "**other financial assets available for sale**" amounted to Euro 327 thousand as at 30 June 2019, unchanged from 31 December 2018. It relates to financial instruments issued by Banca Popolare di Bari, specifically:

- 35,998 shares of the above-mentioned bank for a total value of Euro 194 thousand;
- 200,562 "Banca Popolare di Bari 6.50% 2014/2021 subordinate Tier II" bonds for Euro 6.00 each, for a total of Euro 133 thousand.

These financial instruments were booked at fair value (level 2).

Note 15 - NON-CURRENT ASSETS DISPOSED OF

"Non-current assets disposed of", amounting to Euro 12 thousand (Euro 106 thousand as at 31 December 2018), refer to the company Italtel Arabia Ltd in liquidation.

Italtel Spa's Board of Directors on 24 July 2014 resolved the placement in liquidation of Italtel Arabia Ltd. Consequently, the appointment as liquidator was granted to a local legal advisor so as to accomplish the necessary activities in accordance with local law. The liquidation activities of the company are still underway. The assets, for a total of Euro 12 thousand, are made up of cash and cash equivalents.

The change recorded with respect to 31 December 2018 refers to the company Italtel Telecommunications Hellas EPE in liquidation, which completed the liquidation process and on 4 December 2018 was struck off from the local companies' register. The final liquidation capital of Euro 94 thousand was collected on 25 January 2019.

Note 16 - SHAREHOLDERS’ EQUITY

Share Capital

“**Share capital**”, fully paid up, amounted to Euro 25,083 thousand as at 30 June 2019 and is unchanged compared to the figure as at 31 December 2018. It is represented by 51,883,958 ordinary shares with a par value of Euro 0.52 each for a total of Euro 26,980 thousand, net of 3,647,591 own shares held as at 30 June 2019 for a value of Euro 1,897 thousand, which have not changed with respect to 31 December 2018.

Share Premium Reserve

At 30 June 2019, the “**share premium reserve**” amounted to Euro 18,082 thousand and is the same as 31 December 2018.

Revaluation Reserve

At 30 June 2019, the “**revaluation reserve**” amounted to Euro 2,907 thousand and is the same as 31 December 2018.

Legal Reserve

At 30 June 2019, the “**legal reserve**” amounted to Euro 4,171 thousand, reflecting an increase of Euro 212 thousand compared to Euro 3,959 thousand as at 31 December 2018, due to the allocation of the 2018 profit of the parent company Exprivia SpA, as deliberated by the Shareholders' Meeting on 29 April 2019.

Other Reserves

The balance of the item “**other reserves**” as at 30 June 2019 amounted to Euro 39,828 thousand, Euro 2,810 thousand lower compared to Euro 42,638 thousand as at 31 December 2018. The change for the period relates to:

- the negative effect on shareholders' equity deriving from the first-time adoption of IFRS 16 equal to Euro 1,133 thousand;
- the negative effect of the allocation of profit for previous year of Euro 1,064 thousand;
- the positive effect on shareholders’ equity of the adoption of IAS 29 accounting standard for Euro 686 thousand;
- the negative effect on shareholders’ equity of the application of IAS 19 with the associated recognition in the statement of comprehensive income of actuarial losses net of the tax effect of Euro 1,177 thousand;
- other positive changes for Euro 19 thousand;
- the negative effect of the change in the currency translation reserve, for Euro 141 thousand.

Profits (Losses) from Previous Periods

At 30 June 2019, the “**profit (loss) for previous financial years**” amounted to Euro 6,953 thousand and is the same as 31 December 2018.

Minority shareholders’ interests

The minority shareholders’ interests of Euro 18.6 million as at 30 June 2019 mainly relate to the Italtel Group; when establishing the minority interest, account was taken of the forecasts relating to the economic-equity rights of the minority shareholders and holders of SFP of Italtel SpA.

NON-CURRENT LIABILITIES

Note 17 - Non-current bond issues

The balance as at 30 June 2019 came to Euro 20,399 thousand compared to Euro 22,550 thousand as at 31 December 2018 and relates to the non-current portion of the bond issued entitled "Exprivia SpA - 5.80% 2017 - 2023”, which the Holding Company issued to finance the subscription by Exprivia SpA of 81% of Italtel SpA’s share capital.

The unsecured bond was made up of 230 bearer securities with a par value of Euro 100,000.00 each, at a fixed rate of 5.8% per annum (which may be increased or decreased in relation to the value of the NFP/EBITDA financial covenant), with deferred six-month coupons reimbursed on par and a non-linear amortising repayment plan which envisages the repayment of 20% of the principal for each year as from 2020 and the remaining 40% in 2023.

The Bond Regulations envisage customary covenants in accordance with market practices for similar transactions. The bond was subscribed by the following parties:

1) 80 securities by Anthilia Capital Partners SGR S.p.A.;

2) 65 securities by Banca Popolare di Bari S.c.p.a.;

3) 15 securities by Consultinvest Asset Management SGR S.p.A.;

4) 10 securities by Confidi Systema! S.c..

5) 60 securities by Mediobanca SGR SpA.

The securities have been placed in the centralised management system of Monte Titoli SpA and have been admitted for listing in the multilateral trading system managed by Borsa Italiana SpA, ExtraMOT market PRO segment reserved for professional investors.

The trading Admission Document and the Bond Regulations are available on the Company’s website at the following address www.exprivia.it, Investor Relations section.

It is pointed out that the amount pertains fully to the scope of the Exprivia Group in the composition prior to the acquisition of Italtel SpA.

The bond envisages the observance of the financial parameters relating to the NFP/SE and NFP/EBITDA ratios as listed below, for the entire duration:

Reference date	Net Financial Position / Equity	Net Financial Position / EBITDA
31.12.2019	≤ 1,0	≤ 5,0
31.12.2020	≤ 1,0	≤ 4,5
31.12.2021	≤ 1,0	≤ 4,0
31.12.2022	≤ 1,0	≤ 4,0

These parameters are calculated on a consolidated basis excluding Italtel SpA and all of its direct or indirect subsidiaries, and refer to the 12 months prior to the reference date, using the normal calculation criteria agreed between the parties.

Note 18 - Non-current payables to banks

As at 30 June 2019, the item "**non-current payables to banks**" amounted to Euro 153,887 thousand compared to Euro 158,125 thousand at 31 December 2018, and pertains to medium-term bank debt from major credit and financial institutions and to low-interest loans for specific investment programmes.

The balance is attributable to the contribution of the Italtel Group, which amounts to Euro 140,681 thousand, while Euro 13,206 thousand refers to the residual scope of the Exprivia Group.

The table below provides details on the items and breaks down the non-current portion (Euro 153,887 thousand) and the current portion (Euro 56,483 thousand) of the payable.

Financial Institute	Typology	Contract amount	Amount paid 30.06.2019	Date contract	Expiration date	Repayment installment	Rate applied	Residual capital 30.06.2019	To be repaid within 12 months	To be repaid over 12 months
Ministero dello Sviluppo Economico	Financing	2,019	2,019	27/12/2009	27/12/2019	annual	0.87%	234	234	-
Monte dei Paschi di Siena	Financing	2,000	2,000	21/06/2019	31/12/2019	montly	1.20%	1,993	1,993	-
Banco BPM	Financing	2,000	2,000	14/06/2019	14/12/2019	montly	Euribor + 1.65%	1,998	1,998	-
Pool – Capofila Banca Nazionale del Lavoro	Financing	25,000	25,000	01/04/2016	31/12/2022	semi-annual	Euribor + 2.65%	13,202	3,728	9,474
Simest	Financing	1,955	1,198	19/04/2013	19/04/2020	semi-annual	0.50%	240	240	-
Pool - Capofila Iccrea Bancaimpresa	Financing	3,000	3,000	09/01/2019	08/07/2020	montly	Euribor + 2.90%	2,300	2,120	180
Banca del Mezzogiorno	Financing	3,500	3,500	23/06/2017	23/06/2027	quarterly	Euribor + 2.75%	2,783	348	2,434
Deutsche Bank	Financing	1,250	1,250	01/10/2018	01/10/2019	single payment	Euribor + 0.75%	1,270	1,270	-
Banca Popolare Puglia e Basilicata	Financing	2,000	2,000	24/03/2017	a revoca	single payment	2.07%	1,000	1,000	-
Banca Popolare di Bari	Financing	500	500	04/12/2014	31/12/2019	quarterly	Euribor + 2.20%	53	53	-
Ministero dello Sviluppo Economico	Financing	863	863	14/09/2016	17/11/2025	annual	0.31%	710	94	616
Banca di Credito Cooperativo di Roma	Financing	1,130	1,130	11/08/2014	31/10/2019	montly	Euribor+ 4.25%	83	83	-
Ministero dello Sviluppo Economico	Financing	929	388	16/02/2017	30/06/2026	half-yearly	0.80%	354	2	352
Banco de Santander	Financing	93	93	12/04/2019	12/07/2019	montly	4.95%	31	31	-
Banco Popular	Financing	610	610	29/07/2016	29/07/2021	montly	6.61%	289	139	150
Bankinter	Financing	38	38	26/04/2019	26/07/2019	montly	2.00%	13	13	-
Bankinter	Financing	37	37	27/06/2019	27/09/2019	montly	2.00%	37	37	-
Pool – Capofila Unicredit	Financing	132,005	132,005	14/12/2017	31/12/2024	amortizing not linear	Euribor + 2,5%	132,005	5,000	127,005
Pool – Capofila Unicredit	Financing	2,025	2,025	14/12/2017	31/12/2024	amortizing not linear	Euribor + 3,00%	2,025	-	2,025
Pool – Capofila Unicredit	Financing	153	153	14/12/2017	31/12/2024	amortizing not linear	Euribor + 3,00%	153	-	153
Pool – Capofila Unicredit	Financing	828	828	14/12/2017	31/12/2024	amortizing not linear	0,50%	828	-	828
Cassa Depositi e Prestiti	Financing	1,231	1,231	10/10/2017	31/12/2020	amortizing not linear	0,50%	618	411	206
Cassa Depositi e Prestiti	Financing	1,273	1,273	25/08/2015	30/12/2020	amortizing not linear	Euribor + 4,00%	956	636	319
Cassa Depositi e Prestiti	Financing	141	141	10/10/2017	31/12/2020	amortizing not linear	Euribor + 4,00%	141	71	71
Cassa Depositi e Prestiti	Financing	11,453	11,453	25/08/2015	31/12/2020	amortizing not linear	0,50%	3,466	2,308	1,158
Cassa Depositi e Prestiti	Financing	1,273	1,273	10/10/2017	31/12/2020	amortizing not linear	0,50%	639	425	213
Cassa Depositi e Prestiti	Financing	1,231	1,231	25/08/2015	30/12/2020	amortizing not linear	Euribor + 4,00%	924	615	309
Cassa Depositi e Prestiti	Financing	137	137	10/10/2017	31/12/2020	amortizing not linear	Euribor + 4,00%	137	68	68
Cassa Depositi e Prestiti	Financing	11,076	11,076	25/08/2015	31/12/2020	amortizing not linear	0,50%	3,352	2,232	1,120
Ministero dell'Istruzione dell'Università e della Ricerca	Financing	6,234	6,234	05/11/2013	01/07/2020	amortizing not linear	0,50%	1,119	745	374
Ministero dell'Istruzione dell'Università e della Ricerca	Financing	572	572	27/07/2018	30/06/2028	amortizing not linear	0,50%	124	83	42
Cassa Depositi e Prestiti	Financing	2,645	2,645	27/07/2018	30/06/2028	amortizing not linear	0.17%	2,598		2,598
Cassa Depositi e Prestiti	Financing	2,537	2,537	14/12/2017	30/09/2019	amortizing not linear	0.17%	2,491		2,491
Pool – Capofila Unicredit	Revolving	17,209	17,200	14/12/2017	31/07/2019	amortizing not linear	3.50%	17,200	17,200	-
Pool – Capofila Unicredit	Revolving	6,315	6,279	04/12/2017	31/12/2019	amortizing not linear	3.50%	6,279	6,279	-
Banco Sudameris	Financing	412	412	13/04/2015	a revoca	amortizing not linear	11.30% N.p.V	412	412	-
Itau	Financing	1,834	1,261	28/01/2019	28/01/2020	amortizing not linear	23,80% a.a.	1,261	1,261	-
Itau	Financing	1,011	1,011	27/03/2019	19/05/2020	amortizing not linear	CDI+ 10,07%	1,011	1,011	-
Banco do Brasil	Financing	1,609	1,475	27/03/2019	19/05/2020	amortizing not linear	CDI+ 5,00%	1,475	1,475	-
Banco do Brasil	Financing	689	632	10/06/2019	08/10/2019	amortizing not linear	CDI+ 5,00%	632	632	-
Banco de Credito	Financing	905	905	23/01/2019	22/07/2019	amortizing not linear	5.89%	905	905	-
BBVA Banco Continental	Financing	439	439	14/06/2019	15/07/2019	amortizing not linear	4.60%	439	439	-
Banco de Credito	Financing	890	890	28/06/2019	01/07/2021	amortizing not linear	5.52%	890	890	-
Societe Generale	Financing	1,700	1,700	28/06/2019	01/07/2021	amortizing not linear	3.35%	1,700	-	1,700
Totale								**210,370**	**56,483**	**153,887**

Medium-term loan agreement

On 1 April 2016, Exprivia SpA stipulated a medium-term loan for a total of Euro 25,000 thousand with a pool of banks consisting of BNL and Unicredit, also as lead bank and lead arranger, and Banca Popolare di Bari and Banca Popolare di Milano, consisting of a single amortising credit line to be repaid by 31 December 2022, at an annual rate equal to the Euribor plus a 2.65% spread, to which one-off fees of 1.40% were also added when the agreement was entered into.

The loan is backed by ordinary guarantees typical of transactions of this type, including the guarantee issued by SACE SpA in the amount of Euro 6 million, in addition to guarantees issued by the Holding Company Abaco Innovazione SpA, described in more detail in the Disclosure Document prepared pursuant to Art. 5, first paragraph, of the CONSOB Regulation, which was published on 8 April 2016 on the company's website in the "Corporate - Corporate Governance - Corporate Information" section.

The loan has the standard market conditions for loans of an equal amount and term, such as: representations and warranties, covenants (pari passu, negative pledge, etc.), limitations on significant extraordinary transactions (with the exception of intercompany transactions, which are exclusively allowed within the corporate scope applicable as at 1 April 2016, and smaller transactions), the obligation to maintain adequate insurance coverage, compulsory and optional early repayment clauses, cross defaults, etc.

Lastly, the loan also includes a limitation on the distribution of dividends, which cannot exceed 25% of the net profit, in line with what is set forth in the Business Plan approved by the Company.

The loan also includes several financial covenants - Net borrowing/EBITDA, Net borrowing/Own funds, EBITDA/Net financial charges - which were amended further to the authorisation to acquire Italtel granted by the banks in the pool in July 2017, and which will be measured on a half-yearly basis, as well as limitations on total investments and the acquisition of own shares, as described in more detail in the table below.

Reference date	Net financial debt / EBITDA	Net financial debt / Equity	EBITDA / Net Financials	Investment costs
30.06.2019	≤ 5,5	≤ 1,1	≥ 3,0	≤ 6,0 ml
31.12.2019	≤ 5,0	≤ 1,0	≥ 3,5	≤ 6,0 ml
30.06.2020	≤ 5,0	≤ 1,0	≥ 3,5	≤ 6,0 ml
31.12.2020	≤ 4,5	≤ 1,0	≥ 4,0	≤ 6,0 ml
30.06.2021	≤ 4,5	≤ 1,0	≥ 4,0	≤ 6,0 ml
31.12.2021	≤ 4,0	≤ 1,0	≥ 4,0	≤ 6,0 ml
30.06.2022	≤ 4,0	≤ 1,0	≥ 4,0	≤ 6,0 ml

These parameters calculated on a consolidated basis, excluding the Italtel Group, must be communicated by 30 April and 30 September of each year and will refer to the previous 12 months respectively at 30 June and 31 December of each year, using the normal calculation criteria agreed between the parties.

The financial parameter "Investments" does not take account of the acquisitions of equity investments exempt from authorisation or those subject to a specific written authorisation issued by banks.

As at 30 June 2019, the remaining debt amounted to Euro 13,202 thousand, Euro 3,728 thousand of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 9,474 thousand to be repaid in 2019-2022 (carried under non-current liabilities).

The Financial Parameters have been observed as at 30 June 2019.

Low-interest loan from the Ministry of Economic Development - Ubi Banca (formerly Centrobanca) POR Puglia Bank

A loan resolved and fully paid for Euro 2,019 thousand in favour of the parent company Exprivia SpA. The purpose of the loan was to fund a research and development project under the financing law 46/82 F.I.T, art. 14 of the Circular Letter no. 1034240 of 11 May 2001. The loan expires on 27 December 2019 and bears a below-market fixed rate of interest of 0.87% annually. As at 30 June 2019 the remaining debt amounted to Euro 234 thousand be repaid within the next twelve months.

Simest loan

A loan of Euro 1,955 thousand resolved in favour of the Holding Company Exprivia SpA, entered into on 19 April 2013, of which Euro 1,198 thousand disbursed as at 30 June 2019, to be repaid in six-month instalments starting from 19 October 2015 until 19 April 2020. The loan is targeted at supporting international development in China and bears a below-market fixed rate of interest (0.50% yearly). As at 30 June 2019 the remaining debt amounted to Euro 240 thousand to be repaid within the next twelve months.

Banca del Mezzogiorno loan

A loan of Euro 3,500 thousand resolved in favour of the Holding Company Exprivia SpA, entered into on 23 June 2017, to be repaid in quarterly instalments starting from 23 September 2017 until 23 June 2027. This is intended in part to fully repay the loan taken out in 2014 from the lending bank early, and in part to meet working capital requirements. The interest rate applied is the Euribor rate plus a spread of 2.75%.

The loan in question is backed by a first mortgage on the property located in via Giovanni Agnelli no. 5 in Molfetta for a total of Euro 7 million.

It should be pointed out that, by contract the entire amount of the next two instalments was secured in a current account at 30 June 2019.

CUP 2.0 low-interest loan

A loan totalling Euro 863 thousand resolved in favour of Exprivia SpA (formerly Exprivia Healthcare IT Srl), of which the full amount approved was disbursed as at 30 June 2019. This loan is targeted at financing a research and development project pursuant to financial law 46/82 F.I.T - PON R & C 2007/2013 – MD 24-09-2009, Project A01/002043/01/X 17 regarding: Innovative services for booking CUP 2.0 healthcare services. The loan will expire on 17 November 2025 and bears a below-market fixed rate of interest of 0.3120%.

Low-interest loan from the Ministry of Economic Development - Banca del Mezzogiorno Bank

A low-interest loanup to a maximum of Euro 929 thousand and disbursed for Euro 388 thousand as at 31 December 2017 taken out by the subsidiary ACS Srl (now merged into Exprivia SpA) on 16 February 2017, expiring on 30 June 2026, which bears a below-market fixed rate of interest of 0.80%. There are no real guarantees for this loan.

Term loan and restructuring agreements

On 14 December 2017, Italtel SpA stipulated a Term Loan for a total of Euro 132,005 thousand with a pool of banks comprising Banca Popolare di Milano, Interbanca and Unicredit, leading bank, divided up into three amortising credit lines to be repaid by 31 December 2024, at an annual rate equal to the 12-month Euribor plus a 2.5% spread.

In 2018, this loan generated interest payable of Euro 3,868 thousand, of which Euro 863 thousand paid as at 31 December 2018 and Euro 3,004 thousand recognised as an increase in the payable in accordance with the loan agreement (Step-Up option).

The loans with secured guarantees, equal to Euro 132,005 thousand, are divided up into three credit lines, and in greater detail:

- Euro 36,352 thousand relating to the Restructuring line will be repayable as follows:
    - Euro 2,110 thousand as at 31 December 2019;
    - Euro 4,220 thousand as at 31 December 2020;
    - Euro 3,377 thousand as at 31 December 2023;
    - Euro 26,645 thousand as at 31 December 2024;
- Euro 6,700 thousand of TERM - E line, used in full, and will be repayable as follows:
    - Euro 390 thousand as at 31 December 2019;
    - Euro 780 thousand as at 31 December 2020;
    - Euro 622 thousand as at 31 December 2023;
    - Euro 4,907 thousand as at 31 December 2024;
- Euro 88,952 thousand of TERM - D/E line, used in full, and will be repayable as follows:
    - Euro 2,500 thousand as at 31 December 2019;
    - Euro 5,000 thousand as at 31 December 2020;
    - Euro 81,452 thousand as at 31 December 2024;

The covenants envisaged by the loans agreements in force as at the following date are indicated by way of disclosure:

Reference date	Leverege Ratio	Interest Cover Ratio	Capitale Expenditure
30.06.2019	≤ 6,7	≥ 4,4	
31.12.2019	≤ 5,6	≥ 4,7	≤ 17.400.000 €
30.06.2020	≤ 5,7	≥ 4,9	
31.12.2020	≤ 4,4	≥ 5,6	≤ 17.600.000 €
30.06.2021	≤ 4,4	≥ 5,9	
31.12.2021	≤ 3,6	≥ 6,2	≤ 17.600.000 €
30.06.2022	≤ 3,6	≥ 7,5	
31.12.2022	≤ 3,0	≥ 8,0	≤ 17.600.000 €
30.06.2023	≤ 3,0	≥ 8,4	
31.12.2023	≤ 3,0	≥ 8,8	≤ 17.600.000 €
30.06.2024	≤ 3,0	≥ 8,8	

Leverage Ratio: indicates the ratio between Net Financial Position and EBITDA.

Interest Cover Ratio: indicates the ratio between EBITDA and Net Financial Charges.

Capital Expenditure: refers to total investments.

As at 30 June 2019 the covenants were respected.

Cassa Depositi e Prestiti Project PA_IMS loan - Banca Intesa and Mediocredito Bank

Loan resolved for a total of Euro 14,140 thousand, and disbursed as at 30 June 2019 for Euro 5,202 thousand in favour of Italtel Spa with repayment in six-month instalments as at 30 June and 31 December of each year of duration of the loan with last maturity date on 31 December 2020.

The purpose of the loan was to fund a research and development project under the financing law 46/82 F.I.T concerning: "Access platform – Internet Protocol Multimedia Subsystem (PA_IMS)".

The rate applied is the Euribor plus a 4.00% spread for the bank loans amounting to Euro 1,414 thousand and a low-interest rate equal to 0.5% on the part of the soft loans amounting to Euro 12,726 thousand.

There are no real guarantees for this loan.

Cassa Depositi e Prestiti Project SIS loan - Banca Intesa and Mediocredito Bank

Loan resolved for a total of Euro 13,675 thousand, and disbursed as at 30 June 2019 for Euro 5,030 thousand in favour of Italtel Spa with repayment in six-month instalments as at 30 June and 31 December of each year of duration of the loan with last maturity date on 31 December 2020.

The purpose of the loan was to fund a research and development project under the financing law 46/82 F.I.T concerning: "SIS-Solutions OSS/BSS/DSS Integrated Oriented at Services (SIS)".

The rate applied is the Euribor plus a 4.00% spread for the bank loans amounting to Euro 1,367 thousand and a low-interest rate equal to 0.5% on the part of the soft loans amounting to Euro 12,307 thousand.

There are no real guarantees for this loan.

Ministry of Education, Universities and Research Project PNGN loan - Banca Intesa and Mediocredito Bank

Loan under the form of facilitated credit and grant towards costs using the fund for concessions and research (FAR) for the development of the "Platform for Next Generation Network – PNGN" research project, amounting to Euro 6,806 thousand and disbursed as at 30 June 2019 for Euro 1,244 thousand, taken out by Italtel Spa on 22 February 2012 with reimbursement in 20 quarterly instalments until 1 July 2020.

The interest rate applied is 0.50%.

There are no real guarantees for this loan.

Ministry of Economic Development (MISE) Agile Networks Project loan - Mediocredito Bank

Loan under the form of facilitated credit and grant towards costs using axis 1, action 1.1.3 of the Business and Competitiveness 2014-2020 ERDF National Operating Programme, for the "Agile Networks" research and development project identified with number F/080010/00/x35.

The loan was resolved for a total of Euro 2,645 thousand, and disbursed as at 30 June 2019 for Euro 2,645 thousand in favour of Italtel Spa with repayment in six-month instalments as at 30 June and 31 December of each year of duration of the loan with last maturity date on 30 June 2028.

The rate applied is 0.17%, inclusive of a pre-amortisation period lasting 3 years.

There are no real guarantees for this loan.

Ministry of Economic Development (MISE) Reactor Project loan - Mediocredito Bank

Loan under the form of facilitated credit and grant towards costs using axis 1, action 1.1.3 of the Business and Competitiveness 2014-2020 ERDF National Operating Programme, for the "Re-Actor" – Rich Environment- Appliance and fog Computing platform for internet of Things Optimizer Real Time research and development project.

The loan was resolved for a total of Euro 2,537 thousand, and disbursed as at 30 June 2019 for Euro 2,537 thousand in favour of Italtel Spa with repayment in six-month instalments as at 30 June and 31 December of each year of duration of the loan with last maturity date on 30 June 2028.

The rate applied is 0.17%, inclusive of a pre-amortisation period lasting 3 years.

There are no real guarantees for this loan.

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 June 2019 and as at 31 December 2018.

amounts in thousands of Euro			
		30.06.2019	31.12.2018
A.	Cash	47	378
B.	Other liquid assets	16,604	19,180
C 1.	Securities held for trading	327	327
C 2.	Own shares	2,691	2,691
D	**Liquid (A)+(B)+(C)**	**19,669**	**22,576**
E.	**Current financial receivables**	**3,846**	**3,787**
F.	Current bank debts	(50,942)	(41,384)
G.	Current portion of non-current bank debts	(21,218)	(17,095)
H.	Other current financial debts	(9,933)	(4,502)
I.	**Current financial debts (F) + (G) + (H)**	**(82,093)**	**(62,981)**
J.	**Net current financial debts (I) + (E) + (D)**	**(58,578)**	**(36,618)**
K.	Non-current bank debts	(153,887)	(158,125)
L.	Bond	(20,399)	(22,550)
M.	Other non- current financial payables net of non-current financial recivables and derivate financial istruments	(16,166)	2,650
N.	**Non-current financial debts (K) + (L) + (M)**	**(190,452)**	**(178,025)**
O.	**Net financial debits (J) + (N)**	**(249,030)**	**(214,643)**

Own shares held by the holding company (Euro 2,691 thousand) are included in the calculation of the net financial position.

The changes in liabilities resulting from financing activities are shown below, in accordance with IAS 7 - Statement of Cash Flows:

Amounts in thousands of Euro	31.12.2018		Cash flows		Non-monetary flows	30.06.2019	
Current financial receivables	3,787		59		0	3,846	
Current bank debts and current portion of non-current debt	(58,479)		(13,681)		0	(72,160)	
Other current financial payables	(4,502)		9		(5,440)	(9,933)	
Non-current bank debts	(158,125)		4,238		0	(153,887)	
Bonds issued	(22,550)		2,151		0	(20,399)	
Other non-current net financial payables	2,650		999		(19,815)	(16,166)	
Net liabilities deriving from financing	**(237,219)**		**(6,225)**	(*)	**(25,255)**	**(268,699)**	
Liquid assets	22,576	(**)	(2,907)	(***)	0	19,669	(**)
Net financial debt	**(214,644)**		**(9,132)**		**(25,255)**	**(249,030)**	

(*) Cash flows shown in the cash flow statement (generated) from financing activities (see note 2 at the end of the cash flow statement)

(**) The item "Liquidity" also includes treasury shares held by the Parent Company and "Other financial assets available for sale"

(***) The cash flow includes any changes due to the purchase of treasury shares not included in the cash and cash equivalents Flow in the cash flow statement

Note 19 - Other non-current financial liabilities

The balance of "**other non-current liabilities**" as at 30 June 2019 amounted to Euro 18,306 thousand compared to Euro 49 thousand as at 31 December 2018.

Description	30/06/19	31/12/18	Variation
Non-current financial payables for leasing	18,288	31	18,257
Payables to other non-current lenders	10	10	-
Non-current derivative financial instruments	8	8	-
TOTAL	**18,306**	**49**	**18,257**

Non-current lease financial liabilities

The balance of "**non-current lease financial liabilities**" as at 30 June 2019 came to Euro 18,288 thousand compared to Euro 31 thousand at 31 December 2018 and refers to the medium/long-term payment relating to contracts for leased assets. The change is mainly due to the effect of the application of the new accounting standard IFRS 16 (Euro 18.2 million).

Non-current payables to other financing institutions

The balance of "**non-current amounts payable to other lenders**" as at 30 June 2019 amounted to Euro 10 thousand, unchanged from 31 December 2018.

Non-current derivative financial instruments

The balance of the item "**non-current derivative financial instruments**" as at 30 June 2019 was Euro 8 thousand, unchanged compared to 31 December 2018.

Non Hedge Accounting	Operation date	Starting date	Expiration date	Value	Reference amount	Fair value
IRS Payer	06/06/2016	30/06/2016	28/03/2024	EUR	1,789	(8)
TOTAL					**1,789**	**(8)**

Note that the derivative product, as indicated in the previous table, subscribed by the Holding Company Exprivia with Unicredit was initially linked to a distinct loan with a floating interest rate which, further to the renegotiation of the loan, no longer satisfies the requirements envisaged for hedge accounting and therefore the related fair value change has been recognised in the income statement.

This is an instrument valued at fair value level 2.

Note 20 - Other non-current liabilities

The balance of “**other non-current liabilities**” as at 30 June 2019 amounted to Euro 2,974 thousand compared to Euro 3,729 thousand as at 31 December 2018.

Description	30/06/19	31/12/18	Variation
Debts v / social security and social security institutions	200	266	(66)
Non-current tax liabilities	2,238	2,818	(580)
Debts to others	536	645	(109)
TOTAL	**2,974**	**3,729**	**(756)**

Amounts payable to pension and social security institutions

The balance of “**amounts payable to pension and social security institutions**” amounted to Euro 200 thousand as at 30 June 2019 compared to Euro 266 thousand at 31 December 2018 and refers to the division into medium/long-term instalments of the expired pension payables attributable to Parent Company Exprivia SpA as a result of the amortisation plans obtained.

Non-current tax liabilities

The item “**non-current tax liabilities**” as at 30 June 2019 amounted to Euro 2,238 thousand compared to Euro 2,818 thousand at 31 December 2018. It refers to the division into medium/long-term instalments of the expired tax liabilities pertaining to the Parent Company Exprivia SpAACS Srl (Euro 2,162 thousand) and the division into medium/long-term instalments of the tax payable (Euro 76 thousand), which arose following the tax payment slip received from the Inland Revenue Agency in October 2017 for the IRES from the national tax consolidation scheme related to the years 2013-2014.

Amounts payable to others

The balance of “**amounts payable to others**” amounted at 30 June 2019 to Euro 536 thousand compared to Euro 645 thousand as at 31 December 2018 and mainly refers, for Euro 103 thousand) to amounts due to employees of Exprivia SpA, for which instalments have been set, and for Euro 433 thousand to the suspended portion of hardware and software maintenance revenues for the Spanish subsidiary Italtel SA.

Note 21 - Provision for risks and charges

At 30 June 2019, the item “**Provision for risks and charges**” amounted to Euro 1,389 thousand compared to Euro 5,887 thousand at 31 December. The breakdown is shown in the table below:

Description	30/06/19	31/12/18	Variation
Fund risks disputes	187	274	(87)
Risk fund tax dispute	938	984	(46)
Risk provisions staff	159	4,511	(4,352)
Provision for other risks	105	118	(13)
TOTAL	**1,389**	**5,887**	**(4,498)**

The "**provision for dispute risks**" amounting to Euro 187 thousand, refers to the residual risk relating to a dispute with a former lessor of Italtel SpA.

The "**provision for tax dispute risks**" amounting to Euro 938 thousand refers to tax liabilities associated with the collection of receivables from foreign Italtel Group companies.

The balance of the item "**provision for personnel risks**" amounted to Euro 159 thousand compared to Euro 4,511 thousand as at 31 December 2018 and refers to provisions for risks of disputes with former employees. The change is mainly attributable to the release of the provision that the Italtel Group had allocated in previous financial years for employees in the context of the reorganization planned by the 2017-2023 Industrial Plan.

The residue of the reorganization provision of Euro 3,090 thousand allocated by Italtel SpA in the previous financial years in the context of the refinancing and reorganization operation was released.

The "**provision for other risks**" amounting to Euro 105 thousand as at 30 June 2019 refers for Euro 48 thousand to a provision for risks with respect to service providers, for Euro 12 thousand to risks on loss-making orders and for Euro 45 thousand the estimated value of costs to be incurred for technical support guaranteed on systems sold by the Italtel Group.

With respect to the criminal proceedings for events resulting from the early termination of an agreement between the discontinued company Exprivia Healthcare Srl and the Trento vehicle registration office, please note that, on the basis of the opinions expressed by external legal advisors, there is a risk of a possible unfavourable decision, consisting of fine of an irrelevant amount. The events are linked to incorrect behaviour and failure to apply controls, provided for in the Organisational Manual of Exprivia and its subsidiaries, by some subordinate employees. The termination was not accompanied by either the imposition of penalties or demands for compensation, since the company implemented "self-cleaning" actions to prevent financial damages to the customer with whom, after the termination, a financial agreement was reached on the amount due and paid against the balance of services received.

Based on the analysis and documentation, Exprivia SpA is confident of being able to prove that it was not involved with the events and has not deemed it necessary to set aside any specific risk fund.

Note 22 - Employee provisions

As at 30 June 2019, the item "**employee provisions**" amounted to Euro 26,748 thousand compared to Euro 25,783 thousand as at 31 December 2018. The breakdown is shown in the table below:

Severance indemnity fund

The balance of the item "**severance indemnity fund**", amounted to Euro 3 thousand as at 30 June 2019, unchanged from 31 December 2018, and pertains to the indemnity for the early termination of the employment relationship for employees of Italtel Group.

Employee severance indemnity fund

The amounts for the employee severance indemnity accrued after 31 December 2006 were paid to the INPS pension fund and union pension funds. The residual amount of the employee severance indemnity fund was Euro 26,745 thousand as at 30 June 2019, compared to Euro 25,780 thousand at 31 December 2018. The fund is net of amounts deposited in funds and the treasury. An actuarial valuation was performed on the liability in accordance with IAS 19.

Description	30/06/19	31/12/18
Discount rate	0,35% - 0,77%	1,55% - 1,57%
Inflation rate	1.00%	1.50%
Annual rate of wage growth	0 - 2,5%	0 - 3%
Annual rate of TFR growth	2.25%	2.62%
Mortality	v ISTAT 2007 & 2011/RG48	av ISTAT 2007 & 2011
Inability	Tav. INPS 2010	Tav. INAIL
Turn-over	3,0% -5,50%	3% - 5,5%
Probability advance	2,5% - 3%	2,5% - 3%
Amount% of the severance pay in advance	70.00%	70.00%

Some of the general criteria used for the projections are described below. In order to meet the need to make assessments based on all the information available, a technical procedure was used known in the actuarial literature as MAGIS (actuarial method of years in operation on an individual basis and by means of random drawings).

This method is a Monte Carlo-based stochastic simulation that makes it possible to develop projections of amounts payable for each employee while taking into account the demographic and salary data of each position without making aggregations and without introducing average values.

To make the procedure possible, draws are made for each employee year by year to determine elimination by death, invalidity and incapacity, resignation or termination.

Reliability is ensured by replicating the procedure a certain number of times until the results are stable.

The calculations were made by the number of years necessary for all the workers currently employed are no longer in service.

The projections were made on a closed group, meaning no new recruits were included.

In accordance with IAS 19, actuarial valuations were carried out using the Projected Unit Credit Method. This method makes it possible to calculate employee severance indemnities accrued at a certain date based on actuarial assumptions, distributing the charge for all remaining years workers are employed. It is no longer an expense to be paid if the company winds up its business at the reporting date, but gradually provisioning the charge according to the remaining service period of employees.

The method makes it possible to calculate certain demographic and financial variables at the date of assessment, especially charges relating to service already rendered by employees represented by the DBO – Defined Benefit Obligation (also called Past Service Liability). It is obtained by calculating the present value of amounts due to the worker (severance indemnities) arising from seniority gained at the date of assessment.

Note 23 - Deferred tax liabilities

The item “**deferred tax liabilities**” amounted to Euro 13,211 thousand compared to Euro 13,435 thousand as at 31 December 2018, and refers to allocations for temporary changes that will be reversed in subsequent financial years.

Description	30/06/19		31/12/18	
	Amount temporary differences	Tax effect	Amount temporary differences	Tax effect
TFR	(89)	(10)	163	63
Intangible assets	19,286	5,381	19,807	5,526
Goodwill	4,249	1,208	3,935	1,119
Buildings	2,734	774	3,043	869
Contributions	21,263	5,103	21,263	5,103
Others	75	18	75	18
Adjustments for IFRS	3,047	737	3,048	737
TOTAL	**50,565**	**13,211**	**51,334**	**13,435**

CURRENT LIABILITIES

Note 24 - Current bond issues

"**Current bond issues**" amounted to Euro 2,215 thousand as at 30 June 2019 and refer to the current portion of the bond issue of Exprivia SpA (see note 17 for further details).

Note 25 - Current bank debt

As at 30 June 2019, the item "**current bank debt**" amounted to Euro 69,945 thousand compared to Euro 58,479 thousand at 31 December 2018. Euro 56,483 thousand refers to the current portion of payables for loans and mortgages (previously described under the item "non-current bank debt", note 18) and Euro 13,462 thousand refers to current account overdrafts at major credit institutions.

Note 26 - Trade payables

"**Trade payables**" amounted to Euro 200,823 thousand as at 30 June 2019 compared to Euro 195,255 thousand at 31 December 2018. The breakdown is shown in the table below:

Description	30/06/19	31/12/18	Variation
Trade payables to suppliers	200,743	195,175	5,568
Trade payables to associated companies	80	80	0
TOTALI	**200,823**	**195,255**	**5,568**

Trade payables to suppliers

"**Trade payables to suppliers**" amounted to Euro 200,743 thousand as at 30 June 2019 compared to Euro 195,175 thousand as at 31 December 2018.

The table below provides details on the item:

Description	30/06/19	31/12/18	Variation
Invoices received Italy	109,355	114,873	(5,518)
Invoices received foreing	28,155	26,235	1,920
Invoices to consultants	410	451	(41)
Invoices to be received	62,823	53,616	9,207
TOTAL	**200,743**	**195,175**	**5,568**

The table below provides details of payables past due and falling due for invoices received.

Trade payables	in		days past due							
	expire	due	1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	beyond
137,920	83,794	54,127	15,716	10,334	9,380	4,508	5,913	4,634	1,194	2,447
100.0%	61%	39%	11%	7%	7%	3%	4%	3%	1%	2%

Note 27 - Advance payments on work in progress contract

As at 30 June 2019, the item amounted to Euro 6,529 thousand compared with Euro 7,492 thousand at 31 December 2018 and refers to contract work in progress for which the payments on account and advance payments were higher than the work in progress in financial terms at the end of the period.

Note 28 - Other financial liabilities

"**Other financial liabilities**" amounted to Euro 9,933 thousand as at 30 December 2019 compared to Euro 4,502 thousand at 31 December 2018.

The table below provides details on the item:

Description	30/06/19	31/12/18	Variation
Payables for the purchase of investments	16	16	-
Current financial payables to others	4,171	4,225	(54)
Current financial instruments	286	119	167
Current financial payables for leasing	5,460	142	5,318
TOTAL	**9,933**	**4,502**	**5,431**

Payables for equity investments

As at 30 June 2019 "**payables for equity investments**" amounted to Euro 16 thousand and is unchanged from 31 December 2018.

Current financial payables to others

The balance of the item "**other financial payables**" as at 30 June 2019 amounted to Euro 4,171 thousand compared to Euro 4,225 thousand as at 31 December 2018. The change is mainly due to the repayment of factoring payables for advances received for debts with recourse transferred by Italtel Perù (Euro 3,871 thousand), to the increase for Euro 1,981 thousand relative to contracts signed with factoring companies, to the increase in the current portion of interests on medium-long term financing (Euro 1,799 thousand) and to the increase in active interest receivable relative to financial lease contracts matured and unpaid as at 30 June 2019 (Euro 91 thousand).

Current financial instruments

The balance of the item “current financial instruments” as at 30 June 2019 amounted to Euro 286 thousand compared to Euro 119 thousand as at 31 December 2018.

The exchange rate hedging transactions opened as at 30 June 2019 all had a maturity date between September and December 2019. Certain subsidiaries of the Italtel Group are located in countries not belonging to the European Monetary Union. Since the reporting currency for the Italtel Group is the Euro, the income statements of these companies are converted into Euro using the average exchange rate of the period and, revenues and local current margins being equal, changes in the exchange rates may lead to effects on the equivalent value in Euro of revenues, costs and profit/loss. The assets and liabilities of the consolidated companies whose currency is different from the Euro may adopt equivalent values in Euro according to the performance of the exchange rates. As envisaged by the accounting standards adopted, the effects of these changes are recognised directly under shareholders’ equity, in the item Reserve for translation differences.

Current trade payables for leased assets

The balance of the item “**current trade payables for leased assets**” as at 30 June 2019 amounted to Euro 5,460 thousand compared to Euro 142 thousand as at 31 December 2018 and refers to the current portion of payables for lease agreements. The change is mainly due to the effect of the application of IFRS 16 (Euro 5.5 million).

Note 29 - Other current liabilities

“**Other financial liabilities**” amounted to Euro 77,902 thousand as at 30 June 2019 compared to Euro 73,427 thousand at 31 December 2018.

The table below provides details on the item:

Descrizione	30/06/19	31/12/18	Variazioni
Debiti v/istituti previdenza e sicurezza sociale correnti	8.466	10.402	(1.936)
Altri debiti tributari	9.323	12.779	(3.456)
Debiti inerenti il personale	35.563	27.760	7.803
Altri debiti	24.550	22.486	2.064
TOTALI	**77.902**	**73.427**	**4.475**

Amounts payable to pension and social security institutions

The balance of the item “**amounts payable to pension and social security institutions**” as at 30 June 2019 amounted to Euro 8,466 thousand compared to Euro 10,402 thousand as at 31 December 2018.

Other tax liabilities

The balance of the item “**other tax liabilities**” as at 30 June 2019 amounted to Euro 9,323 thousand compared to Euro 12,779 thousand as at 31 December 2018.

The item comprises Euro 1,826 thousand for VAT payables, Euro 3,683 thousand for withholding taxes to be paid, Euro 1,361 thousand for current income taxes and Euro 2,453 thousand for other tax liabilities.

Payables related to staff

The balance of the item “**payables related to staff**” amounted to Euro 35,563 thousand as at 30 June 2019 compared with Euro 27,760 thousand as of 31 December 2018 and mainly refers to the amount payable to employees inclusive of the allocation for accruals of 13th month bonus, holiday pay and leave used but not yet liquidated.

It is noted that Euro 924 thousand refer to payables to personnel in relation to signed contractual resolution agreements, whose amount was reclassified from the provision for liabilities and charges.

Other payables

The balance of the item "other payables" amounted to Euro 24,550 thousand, compared to Euro 22,486 thousand at 31 December 2018 and mainly refers to portions of suspended revenue pertaining to the subsequent year.

NOTE 30 - NON-CURRENT LIABILITIES DISPOSED OF

The balance as at 30 June 2019 of non-current liabilities disposed of, amounted to Euro 386 thousand and is unchanged since 31 December 2018. It relates to the liabilities of Italtel Group for Italtel Arabia Ltd in liquidation (the liquidation for the company is currently in progress).

The liabilities totalling Euro 386 thousand are made up of sundry payables for Euro 65 thousand and amounts due to the tax authorities for Euro 321 thousand.

Explanatory Notes to the Consolidated Income Statement

All the figures reported in the tables below are in thousands of Euro, unless expressly indicated.

Note 31 – Revenue

Revenue from sales and services as at 30 June 2019 amounted to Euro 237,847 thousand compared to Euro 271,798 thousand in the same period of 2018.

Details of the revenues relating to 30 June 2019 by type of services compared with the data from the previous period are shown below.

Description	30/06/19	30/06/18	Variation
Projects and Services	100,300	97,248	3,052
Maintenance	29,705	37,225	(7,520)
HW/ SW third parties	1,392	2,120	(728)
Own licences	6,159	13,120	(6,961)
System Integration	99,907	121,675	(21,768)
Other	384	410	(26)
Total	**237,847**	**271,798**	**(33,951)**

Note 32 - Other Income

"**Other income**" as at 30 June 2019 amounted to Euro 13,741 thousand compared to Euro 15,104 thousand in the same period of 2018. The table below provides details on the item:

Description	30/06/19	30/06/18	Variation
Other revenues and income	5,242	4,824	418
Grants related to income	4,259	4,576	(317)
Increase in capitalised expenses for intenal project	4,240	5,704	(1,464)
TOTAL	**13,741**	**15,104**	**(1,363)**

It is noted that, for the purpose of clarity, with reference to balances as at 30 June 2018, the amount of Euro 86 thousand relative to revenues on the recharge of company cars, was reclassified from the item “costs for the use of third-party assets” to the item “other revenues and income”. It is a reclassification that does not have any impact on the result for the period or the shareholders' equity.

Other Revenue and Income

“**Other revenue and income**” as at 30 June 2019 amounted to Euro 5,242 thousand compared to Euro 4,824 thousand as at 30 June 2018. The item mainly refers to contributions from suppliers tied to incentive programmes for the Italtel Group.

Grants for Operating Expenses

“**Grants received pertaining to the current year**” as at 30 June 2019 amounted to Euro 4,259 thousand compared to Euro 4,576 thousand in the same period of 2018. This item refers to grants and tax credits pertaining to 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

“**Costs for capitalised internal projects**” amounted to Euro 4,240 thousand as at 30 June 2018 compared to Euro 5,704 thousand in the same period of 2018. These are costs incurred during the period by Italtel Group for product development in the TLC area for Euro 3,345 thousand, in the Banking & Finance area for Euro 193 thousand, in Healthcare for Euro 361 thousand, and in Aerospace & Defence for Euro 341 thousand.

Note 33 - Costs for Sundry Consumables and Finished Products

The balance of the item “**costs for raw materials, consumables and finished goods**” passed from Euro 89,390 thousand as at 30 June 2019 to Euro 108,905 thousand in the same period last year. The table below provides details on the items:

Description	30/06/19	30/06/18	Variation
Purchase of HW-SW products	89,283	108,773	(19,490)
Stationery and consumables	33	55	(22)
Fuel and oil	43	33	10
Other costs	31	44	(13)
TOTAL	**89,390**	**108,905**	**(19,515)**

The decrease in the item “purchase of hw-sw products” is strictly related to the reduction in revenues mainly attributable to the Italtel Group.

Note 34 - Staff Costs

The item "**staff costs**" totalled Euro 98,109 thousand as at 30 June 2019, compared to Euro 99,451 thousand in the same period of 2018.

The table below provides details on the item:

Description	30/06/19	30/06/18	Variation
Salaries and wages	74,997	73,840	1,157
Social charges	19,474	18,859	615
Severance Pay	3,752	3,955	(203)
Other staff costs	(114)	2,797	(2,911)
TOTAL	**98,109**	**99,451**	**(1,342)**

It is noted that the change in the item "**other staff costs**" is mainly due to the release of the residual amount of the reorganization provision allocated at the end of 2017 by the Italtel Group in the context of the refinancing and restructuring operations, in the absence of the relative obligation.

The number of employees as at 30 June 2019 came to 4,036 (of which 4,029 employees and 7 temporary workers) compared to 3,990 at 30 June 2018 (of which 3,976 employees and 14 temporary workers). The average for the first half of 2019 was 3,970 employees and 7 temporary workers.

Note 35 – Costs for Services

The consolidated balance of item "**costs for services**" totalled Euro 67,244 thousand as at 30 June 2019, compared to Euro 74,844 thousand in the same period of 2018.

The table below provides details on the items:

Description	30/06/19	30/06/18	Variation
Technical and commercial consultancy	53,324	57,454	(4,130)
Administrative/company/legal consultancy	1,700	1,833	(133)
Auditors' fees	292	124	168
Travel and transfer expenses	2,851	3,174	(323)
Utilities	1,997	1,890	107
Advertising and agency expenses	201	199	2
Bank charges	283	394	(111)
HW and SW maintenance	2,822	3,228	(406)
Insurance	864	1,025	(161)
Other costs	2,911	5,523	(2,612)
TOTAL	**67,244**	**74,844**	**(7,600)**

The decrease in the costs of the professional and commercial services, the other costs for services and the expenditure for travel expenses and allowances is strictly linked to the trend in revenues.

Note 36 – Costs for Leased Assets

The consolidated balance of item "**costs for leased assets"** totalled Euro 536 thousand as at 30 June 2019, compared to Euro 3,712 thousand in the same period of 2018. The table below provides details on the items:

Description	30/06/19	30/06/18	Variation
Rental expenses	190	2,729	(2,539)
Car rental/leasing	106	658	(552)
Rental of other assets	59	197	(138)
Other costs	181	214	(33)
TOTAL	**536**	**3,798**	**(3,262)**

The change is mainly due to the effect of the application of the new accounting standard IFRS 16 which has led to a decrease in costs of Euro 3.7 million.

It is noted that, for the purpose of clarity, the amount of Euro 86 thousand, relative to revenues on the recharge of company cars, was reclassified with reference to the balances as at 30 June 2018, from the item "costs for the use of third-party assets" to the item "other revenues and income". It is a reclassification that does not have any impact on the result for the period or the shareholders' equity.

Note 37 - Sundry Operating Expenses

As at 30 June 2019, the consolidated balance of the item "**sundry operating expenses**" amounted to Euro 2,197 thousand, compared to Euro 2,714 thousand as at 30 June 2018. The table below provides details on the items.

Description	30/06/19	30/06/18	Variation
Annual subscriptions	181	253	(72)
Taxes	837	830	7
Penalties and fines	75	4	71
Charitable donations	21	14	7
Write-offs	19	31	(12)
Penalties and damages	176	452	(276)
Other sundry operating expenses	887	1,130	(243)
TOTAL	**2,197**	**2,714**	**(517)**

The change is mainly due to lower contractual penalties for the Italtel Group.

It is noted that, for the purpose of clarity, the amount of Euro 451 thousand, relative to contractual penalties for the Italtel Group, with reference to balances as at 30 June 2018 was reclassified from the item "Other sundry operating expenses" to the item "Penalties and damages".

Note 38 - Changes in Inventories

As at 30 June 2019, the consolidated balance of the item "**change in inventories**" amounted to a negative Euro 16,380 thousand compared to a negative Euro 10,902 thousand in the same period of the previous year.

Note 39 – Provisions and Write-downs of Current Assets

The consolidated balance of the item "**provisions**" amounted to Euro 58 thousand as at 30 June 2019 compared to Euro 150 thousand in the same period of the previous year.

The table below provides details on the items.

Description	30/06/19	30/06/18	Variation
Provision for bad debts provision	25	148	(123)
Provision for tax litigation risks	2	-	2
Provision for legal disputes with employees	(19)	-	(19)
Other provisions	50	2	48
TOTAL	**58**	**150**	**(92)**

Note 40 - Amortisation, Depreciation and Write-downs of non-current assets

Amortisation and Depreciation

As at 30 June 2019 "**amortisation and depreciation**" amounted to Euro 13,882 thousand compared with Euro 9,427 thousand in the same period of 2018, of which Euro 8,760 thousand refer to amortisation of intangible fixed assets and Euro 5,121 thousand for depreciation of tangible fixed assets. The change is mainly due to the effect of the application of the new accounting standard IFRS 16 which has led to an increase in amortisation and depreciation of Euro 3.2 million.

Note 41 - Financial (Income) Charges and Other Investments

The balance of the item "**financial (charges) income and other investments**" amounted to a negative Euro 6,010 thousand as at 30 June 2019 compared with a negative Euro 11,542 thousand in the same period last year.

The table below provides details on the items.

Description	30/06/19	30/06/18	Variation
Proceeds from shareholdings from parents	29	42	(13)
Other income other than the above	750	266	484
Interest and other financial charges	(7,034)	(6,989)	(45)
From parent charges	(211)	(206)	(5)
Profit and loss on currency exchange	456	(4,655)	5,111
TOTAL	**(6,010)**	**(11,542)**	**5,532**

Income from Parent Companies

The balance of the item "**income from parent companies**" amounted to Euro 29 thousand as at 30 June 2019 compared to Euro 42 thousand in the same period in 2018 and refers to interest accrued to Abaco Innovazione SpA on a loan disbursed by Exprivia SpA.

Income Other Than the Above

The balance of item "**income other than the above**" totalled Euro 750 thousand as at 30 June 2019, compared to Euro 266 thousand in the same period of 2018. The table below provides details on the item.

Description	30/06/19	30/06/18	Variation
Bank interest receivable	693	186	507
Interest income from securities	22	24	(2)
Other interest income	31	53	(22)
Rounding up of assets	4	3	1
TOTAL	750	266	484

The item “**bank interest receivable**” increased mainly due to the a greater liquidity invested in sources by the Intel’s Argentinian affiliate company.

Interest and Other Financial Charges

The balance of the item “**interest payable and other financial charges**” as at 30 June 2019 amounted to Euro 7,034 thousand compared to Euro 6,989 thousand in the same period of 2018. The table below provides details on the items.

Description	30/06/19	30/06/18	Variation
Bank interest payable	2,998	3,088	(90)
Interest on loans and mortgages	1,067	1,339	(272)
Sundry interest	2,759	2,340	419
Charges on financial products and sundry items	4	18	(14)
Rounding up/down	5	16	(11)
Interest cost IAS 19	201	188	13
TOTAL	7,034	6,989	45

The change is mainly due to the effect of the application of the new accounting standard IFRS 16 which has led to the recognition of higher interest expenses for an amount of Euro 0.5 million.

Charges from Parent Companies

The balance of the item “**charges from parent companies**” amounted to Euro 211 thousand as at 30 June 2019 compared with Euro 206 thousand for the same period in 2018 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.

Exchange Gains and Losses

As at 30 June 2019, **exchange gains** amounted to Euro 456 thousand compared to losses of Euro 4,655 thousand in the same period of 2018. The item refers to the fluctuation in exchange rates due to the commercial transactions carried out by the Group’s foreign companies in currencies other than the domestic currency and in the change of the fair value of hedging transactions on exchange risk.

Note 42 - Taxes

As at 30 June 2019, “**taxes**” amounted to Euro 1,565 thousand compared to Euro 250 thousand in the same period of 2018; the table below provides details on the changes compared to the previous period:

Description	30/06/19	30/06/18	Variation
IRES	(0)	474	(474)
IRAP	416	387	29
Foreing tax	379	48	331
Taxes from prior years	(10)	(351)	341
Defered tax	(278)	(334)	56
Deferred tax assets	1,058	26	1,032
TOTAL	**1,565**	**250**	**1,315**

The increase in the item "**deferred tax assets**" is mainly due to the tax effect linked with the release of the risk provision in the financial statements of the subsidiary Italtel SpA, for which deferred tax assets had been allocated.

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, recognising a payable/receivable for the consolidating company, equal to the applicable IRES and tax losses used in the Tax Consolidation. The consolidated financial statements include the payable to the tax authorities for the Group's IRES taxes net of tax credits.

Please note that the Group has benefitted from the income tax break deriving from the use of intellectual property, introduced by art. 1, paragraphs 37-45, of Italian Law no. 190/2014 "2015 Stability Law" (the "patent box").

Note 43 - Profit (Loss) for the Period

The income statement as at 30 June 2019 closed with a consolidated loss (after tax) of Euro 11,023 thousand compared to the consolidated loss of Euro 13,307 thousand in the same period of 2018.

Note 44 - 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 condensed 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 diluting shares, which could adjust the economic result attributable to holders of ordinary capital instruments.

At 30 June 2019 the basic and diluted loss per share amounted to Euro -0.0682.

Profit/ (Loss) amount in Euro	for the six months ended 30.06.2019
Profits for determining basic earnings per share (Net profit due to shareholders of parent company)	(3,289,733)
Profit for determining the earnings per basic share	(3,289,733)

Number of shares	30.06.2019
Number of ordinary shares at 1 January 2019	51,883,958
Purchase of own shares at 30 June 2019	3,647,591
Average weighted number ordinary shares for calculation of basic profit	48,236,367

Earnings per share (Euro)	for the six months ended 30.06.2019
Profit (loss) per basic share	-0.0682
Diluted earnings (loss) per share	-0.0682

Note 45 - Information on the Cash Flow Statement

The decrease in cash and cash equivalents during the period, equivalent to Euro 2.9 million, is due to the negative flows deriving from operating activities for Euro 7.8 million, as well as negative flows deriving from investment activities for Euro 0.9 million, partly offset by positive flows deriving from financing activities for Euro 5.7 million.

RELATED PARTIES

In the Exprivia Group, there are relations between entities, parent companies, subsidiaries and associates and with other related parties.

Relations with other related parties

Transactions made by the Group with other related parties essentially consist of services and the exchange of products. They are part of ordinary operations conducted at market conditions, meaning at the conditions that would be applied between independent parties. All transactions are carried out in the interest of the companies involved.

The information on relations with other related parties of the Exprivia Group, expressed in thousand of Euro, is reported below:

Equity investments in other companies

Description	30/06/19	31/12/18	Variation
Consorzio DITNE	6	6	-
Consorzio Biogene	3	3	-
TOTAL	**9**	**9**	**-**

Trade receivables from customers

Description	30/06/19	31/12/18	Variation
Balance Srl	-	23	(23)
TOTAL	**-**	**23**	**(23)**

Trade payables to suppliers

Description	30/06/19	31/12/18	Variation
Kappa Emme Sas	-	5	(5)
Brave Srl	-	15	(15)
TOTAL	**-**	**20**	**(20)**

Costs

Description	30/06/19	31/12/18	Variation
Brave Srl	60	30	30
Consorzio Biogene	6	4	2
Consorzio DITNE	3	3	0
TOTAL	**69**	**37**	**32**

The table below provides information on remuneration for directors, statutory auditors and key executives; amounts are in Euro thousands:

	30/06/19				30/06/18			
Offices	Fixed remuneration	Equity compensation committees	Wages and salaries	Other incentives	Fixed remuneration	Equity compensation committees	Wages and salaries	Other incentives
Administrators	323	60	607	46	561	60	437	247
Statutory Auditors	90	9	-	-	103	3	-	-
Strategic managers	2	-	757	88	-	-	806	15
TOTAL	**415**	**69**	**1,364**	**133**	**664**	**63**	**1,243**	**262**

There are no advances or loans to directors or statutory auditors and no commitments have been undertaken on behalf of the management body due to guarantees of any kind having been given.

The table below provides information on relations with other related parties of only the Italtel Group:

Trade receivables from customers

Description	30/06/19	31/12/18	Variation
Gruppo Cisco Systems	1,290	1,317	(27)
Consorzio Cored in liquidazione	59	59	-
TOTAL	**1,349**	**1,376**	**(27)**

Trade payables to suppliers

Description	30/06/19	31/12/18	Variation
Gruppo Cisco Systems	64,394	64,074	320
Consorzio Cored in liquidazione	80	80	-
TOTAL	**64,474**	**64,154**	**320**

Costs

Description	30/06/19	31/12/18	Variation
Gruppo Cisco Systems	85,265	98,806	(13,541)
TOTAL	**85,265**	**98,806**	**(13,541)**

Revenue

Description	30/06/19	31/12/18	Variation
Gruppo Cisco Systems	2,466	3,079	(613)
TOTAL	**2,466**	**3,079**	**(613)**

Potential liabilities

There are no potential liabilities not recorded in the balance sheet.

Statement for Consolidated Financial Statements pursuant to Art. 154 bis of Italian Legislative Decree 58/98

The undersigned Domenico Favuzzi, Chairman and CEO, and Valerio Stea, Executive manager responsible for preparing the corporate accounts of Exprivia S.p.A., certify the following, taking into account the provisions of Art. 154-bis (3, 4) of Legislative Decree no. 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Group and
- actual application of administrative and accounting procedures to draft the condensed half-year consolidated financial statements for the first half-year as at 30 June 2019.

Furthermore, it is certified that the Interim Financial Report as at 30 June 2019:

a) was prepared in accordance with International Financial Reporting Standards, which were adopted by the European Commission with regulation 1725/2003 as amended, and is suitable for giving an accurate and correct representation of the equity-financial and economic situation of the company;

b) the Directors' Report of the Group includes a reliable analysis that is consistent with the financial statements, operating trends and results, and also the situation of the company and group of subsidiaries included in consolidation, together with the description of the main risks and uncertainties and transactions with related parties.

Molfetta, 6 August 2019

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Exprivia SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Exprivia SpA and its subsidiaries (the Exprivia Group) as of 30 June 2019, comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated cashflow statement and related notes. The directors of Exprivia Group are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Exprivia Group as of 30 June 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

www.pwc.com/it

financial reporting (IAS 34) as adopted by the European Union.

Bari, 7 August 2019

PricewaterhouseCoopers SpA

Signed by

Corrado Aprico
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the consolidated condensed interim financial statements referred to in this report.