Condensed interim financial statements
as at 30 June 2018

Financial statements prepared in compliance with the IAS/IFRS standards

- Values in thousands of Euro -

Table of Contents

Corporate bodies

Board of Directors

(end of term of office - approval of financial statements as at 31 December 2020)

Name and Surname	Position
Marco Podini	Chairman
Paolo Virenti	Chief Executive Officer
Gianni Camisa	Director
Annamaria Di Ruscio (1) (2)	Director
Andrea Guido Guillermaz	Director
Riccardo Veneziani	Director
Maria Luisa Podini	Director
Mancini Francesco (1) (3)	Director

(1) Member of the remuneration Committee, risk monitoring Committee and related parties Committee
(2) Chairman of remuneration and related parties Committees
(3) Chairman of risk monitoring Committee

Board of Statutory Auditors

(end of term of office - approval of financial statements as at 31 December 2020)

Name and Surname	Position
Luigi Salandin	Chairman of the Board of Statutory Auditors
Marcello Del Prete	Standing Auditor
Fabio Luigi Mascherpa	Standing Auditor

Independent Auditors

KPMG S.p.A.

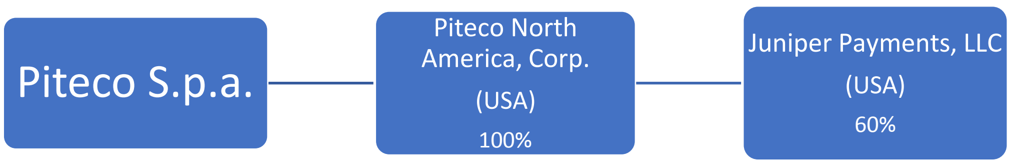
The auditing assignment was granted by the shareholders' meeting of 16 April 2018 for the nine-year period ending with the approval of the financial statements as at 31 December 2026 (conditional on the admission of the shares and bonds of the company to the listing on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.).

Structure of Group and consolidation perimeter

Situation as at 30 June 2018

The following companies in the Piteco Group are included in the scope of consolidation:

Company Name	Registered Office	Share Capital	Currency	% Ownership	held by	Type of consolidation
Piteco North America, Corp.	USA	10	USD[1]	100%	Piteco S.p.A.	line-by-line
Juniper Payments, LLC	USA	3,000	USD	60%[2]	Piteco North America, Corp.	line-by-line



[1] The currency codes used here comply with the International Standard ISO 4217: EUR Euro; USD US dollar.

[2] Piteco North America, Corp. holds 550,000 Class A shares (out of 1,000,000 shares issued, of which 450,000 Class B), equal to 55% of the voting rights that can be exercised in the shareholders' meeting and right to profits, and equal to 100% of the share capital of USD 3,000,000 subscribed on incorporation of the affiliate. For the purposes of these financial statements, an additional acquisition of 50,000 shares of the share capital of Juniper Payments, LLC equal to 5% thereof, for a total value of USD 1,500,000, subject to a forward purchase commitment with the minority shareholders.

Piteco
FINANCIAL SOFTWARE & CONSULTING

Interim Management Report

INTRODUCTION

This interim Management Report accompanies the Condensed Interim consolidated financial statements of Piteco S.p.A. (indicated also as "Piteco" or "parent company").

The report should be read alongside the Financial Statements and the Explanatory Notes, which comprise the Condensed Interim Consolidated Financial Statements of the Piteco Group as at 30 June 2018.

Unless otherwise indicated, all amounts are shown in this Report in thousands of Euro.

LETTER TO SHAREHOLDERS

Dear Shareholders,

The business performance in the first half of 2018 was stable and in line with expectations, with regard both to the parent company PITECO S.p.A. and to the subsidiary Juniper. In particular, during this period, the parent company acquired 23 new customers: this is a very positive figure, in line with the expectations at the beginning of the year. The first half of the year has in any case confirmed, for the PITECO solutions, increased interest towards the cloud product offer, in the two modes proposed – Private Cloud for medium-large companies and SaaS for SMEs - with a 5% increase in recurring fees. With regard to the subsidiary Juniper Payments LLC (following Juniper), there were no significant news. The revenue trend was unchanged and the corporate organisation as a whole appears to have dealt well with the change in the company structure underwent last year, continuing to develop its business.

The Piteco Group is an important player in the financial software sector, with an ambitious plan for diversification and internationalisation, driven by two business lines:

- PITECO S.p.A., a software house that is an absolute leader in Italy in proprietary solutions for company treasury management and financial planning, used by over 600 national and international groups operating in all business sectors (excluding Banks and the P.A.). With 84 highly qualified employees and 3 operating locations (Milan, Rome and Padua), it has been on the market for over 30 years, and covers the entire software value chain: R&D, design, implementation, sale and assistance. The software is fully proprietary, and can be integrated with the main company IT systems (Oracle, SAP, Microsoft, etc.), can be customised to Customers' needs and is already present in over 40 countries. As a result of the high number of customers and the specific business model bases on recurring fees, we have significant visibility of expected turnover. Piteco S.p.A. is controlled by Dedagroup S.p.A. and has been listed on the AIM Italia market since July 2015 till September 25, 2018 date of transition to the MTA.

- JUNIPER PAYMENTS, LLC, a leading software house in the US, offering proprietary software solutions in the digital payments and clearing house sectors for around 3,300 US banks, it manages the accounting clearance of interbank financial flows (bank transfers and verification of collection of cheques) for over USD 3 billion for day. It is one of the most extensive US interbank networks.

On 16 April 2018, the shareholders' meeting of Piteco S.p.A. approved the plan for the admission and listing of shares and convertible bonds on the MTA (Electronic Equity Market) organised and managed by Borsa Italiana S.p.A.

The decision of Piteco S.p.A. to apply for its shares and convertible bonds to be traded on the regulated market MTA was mainly based on the following considerations: (i) the listing on a regulated market characterised by many large investors would ensure greater liquidity to the securities and, therefore, greater interest from the market and institutional investors; moreover, (ii) by shifting trading to the MTA, the Company would be able to strengthen its relations with strategic partners, as well as to involve other institutional investors, with significant advantages in terms of competitive positioning, encouraging, in a perspective of continued growth, an improved valuation of the Group; lastly, (iii) the entry in a regulated market such as the MTA would provide the Group with increased visibility on the reference markets, in Italy and abroad, with additional advantages in terms of competitive positioning.

The listing process ended with the obtaining of the approval by Consob for the listing on the MTA market on September 21, 2018 and start trading of the ordinary shares and convertible bonds on the MTA market on September 25, 2018.

GROUP SITUATION AND PERFORMANCE OF OPERATIONS

The first half of 2018 ended with profit after tax equal to EUR 2,214 thousand. The statements below provide a summary of the economic performance and financial position of the company in the first half of 2018:

Economic analysis

Income Statement	30/06/2018	%	30/06/2017	%	% change
Revenues	8,831	97.7%	7,391	97.4%	19.5%
Other operating revenues	200	2.2%	191	2.5%	4.7%
Change in activities from contract	6	0.1%	8	0.1%	-25.0%
Operating revenues	**9,037**	**100.0%**	**7,590**	**100.0%**	**19.1%**
Goods and consumables	161	1.8%	95	1.3%	69.5%
Personnel costs	3,920	43.4%	3,585	47.2%	9.3%
Costs for services and leases and rentals	1,620	17.9%	1,342	17.7%	20.7%
Other operating costs	15	0.2%	33	0.4%	-54.5%
Operating costs	**5,716**	**63.3%**	**5,055**	**66.6%**	**13.1%**
Gross operating income (EBITDA)	**3,321**	36.7%	**2,535**	33.4%	31.0%
Amortisation and depreciation	784	8.7%	475	6.3%	65.1%
Impairments and revaluation	17	0.2%	141	1.9%	-87.9%
Operating income (EBIT)	**2,520**	27.9%	**1,919**	25.3%	31.3%
Gains/losses from transactions in foreign currency	255	2.8%	-640	-8.4%	-139.8%
Financial income and charges	-132	-1.5%	-243	-3.2%	-45.7%
Non-recurring income and charges	-121	-1.3%	-217	-2.9%	-44.2%
Profit (loss) before taxes	**2,522**	27.9%	**819**	10.8%	207.9%

Income taxes	308	3.4%	-187	-2.5%	-264.7%
Profit (loss) for the year	**2,214**	24.5%	**1,006**	13.3%	120.1%
Profit (loss) of the Group	**2,214**	24.5%	**1,006**	13.3%	120.1%

In the six month period ended 30 June 2018, the turnover of the Group was equal to EUR 8,831 thousand, with a 19% increase with respect to 30 June 2017. Operating Revenue was equal to EUR 9,037 thousand; EBITDA was equal to EUR 3,321 thousand (+31% with respect to 30 June 2017), representing about 37% of revenues.

In the first half of the year, foreign-exchange profits equal to EUR 255 thousand were recognised, mainly deriving from the conversion at current exchange rates of the USD loan made by Piteco S.p.A. to the subsidiary Piteco North America Corp.

EBIT amounted to EUR 2,520 thousand and its weight on revenues came to 28%. Net Profit amounted to EUR 2,214 thousand and its weight on revenues came to 24%.

Results by business segment

The results of the "Business Segments" are measured by analysing the performance of the gross operating margin, defined as the profit for the period before amortisation, depreciation, write-downs, provisions for risks and other write-downs, financial charges and income and taxes. In particular, it is deemed that the gross operating margin provides a good indication of the performance as it is not influenced by tax regulations or amortisation and depreciation policies.

The operating segments identified, which comprise all the services and products provided to customers, are:

- Corporate Treasury and Financial Planning;
- Digital Payments and Clearing House (Banking).

We did not provide a comparison with the previous year, as the acquisition of the operations regarding the Banking segment occurred in April 2017 and the comparison would not be very informative.

Income Statement	Total	Corporate Treasury	Banking
Revenues	8,831	6,655	2,176
Other operating revenues	200	170	30
Change in activities from contract	6	6	
Operating revenues	**9,037**	**6,831**	**2,206**
Goods and consumables	161	154	7
Personnel costs	3,920	3,122	798
Costs for services and leases and rentals	1,620	1,120	500
Other operating costs	15	12	3
Operating costs	**5,716**	**4,408**	**1,308**
Gross operating income (EBITDA)	**3,321**	**2,423**	**898**

The line-by-line consolidation of the affiliates had a positive impact on the Group's gross operating margin equal to EUR 898 thousand in absolute value.

Equity and cash flow analysis

Reclassified Statement of Financial Position	30/06/2018	31/12/2017	Change
Inventories	144	103	41
Current receivables	5,149	3,993	1,156
Tax receivables	11	42	-31
Other current assets	553	234	319
(A) Current assets	**5,857**	**4,372**	**1,485**
Current payables	1,262	746	516
Tax payables	385	295	90
Other current liabilities	5,782	2,445	3,337
(B) Current liabilities	**7,429**	**3,486**	**3,943**
(A-B) Net working capital	**-1,572**	**886**	**-2,458**
Property, plant and equipment	1,470	1,486	-16
Intangible assets	36,982	37,416	-434
Financial assets	19	28	-9
Deferred tax assets	493	418	75
(C) Non-current assets	**38,964**	**39,348**	**-384**
Post-employment benefits (employee severance indemnity)	1,167	1,179	-12
Long-term provisions	49	46	3
Deferred tax liabilities	203	141	62
(D) Non-current liabilities	**1,419**	**1,366**	**53**
(NWC+C-D) Net invested capital	**35,973**	**38,868**	**-2,895**
Issued capital	18,155	18,155	
Reserves	6,279	5,933	346
Retained earnings (Losses carried forward)	1,851	2,443	-592
Profit (loss) for the year	2,214	3,385	-1,171
(SE) Total shareholders' equity	**28,499**	**29,916**	**-1,417**
Cash and cash equivalents	6,147	5,154	993
Current financial liabilities	2,380	2,325	55
Non-current financial liabilities	11,241	11,781	-540
(NFP) Net financial position	**7,474**	**8,952**	**-1,478**
(SE+NFP) Total sources	**35,973**	**38,868**	**-2,895**

The consolidated Net Financial Position as at 30 June 2018 was negative for EUR 7,474 thousand (negative for EUR 8,952 thousand as at 31 December 2017). The EUR 1,478 thousand change was mainly due to the cash flow generated in the period, net of total dividend paid, equal to EUR 2,876 thousand (of which EUR 2,698 thousand to Piteco S.p.a. shareholders).

The Net Financial Position as at 30 June 2018 broke down as follows:

- Cash and banks receivable of EUR 6,147 thousand: the Group's cash and cash equivalents are deposits in EUR and USD.
- Short-term financial payables (current financial liabilities), equal to EUR 2,380 thousand, are mainly comprised of the portion of payables due to banks falling due within the year (EUR 1,126 thousand) and the outlay for the exercise of the commitment to purchase 5% of the subsidiary Juniper Payments, LLC from the minority shareholders, which expires in April 2019, estimated to be equal to EUR 1,254 thousand.

- Medium/long-term financial payables (non-current financial liabilities), equal to EUR 11,241 thousand, consisted of the medium/long-term portion of the bank loan for EUR 4,148 thousand, the convertible bond listed for EUR 4,712 thousand and the put option granted to the minority shareholders of Juniper Payments, LLC for EUR 2,381 thousand.

Analysis by ratios

The main economic, equity and financial ratios used to understand the Group's operations are provided below, calculated on data from the condensed interim consolidated financial statements as at 30 June 2018 and the condensed interim consolidated financial statements as at 30 June 2017.

Return On Equity	30/06/2018	30/06/2017
Profit (loss) of the Group	2,214	1,006
Shareholders' equity	28,499	30,172
ROE	**7.77%**	**3.33%**

Return On Investments	30/06/2018	30/06/2017
Operating income	2,399	1,702
Net invested capital	35,973	36,755
ROI	**6.67%**	**4.63%**

Return On Sales	30/06/2018	30/06/2017
Operating income	2,399	1,702
Revenues	8,831	7,391
ROS	**27.17%**	**23.03%**

Return On Capital Employed	30/06/2018	30/06/2017
Operating income	2,399	1,702
Total assets - Current liabilities	41,160	43,139
ROCE	**5.83%**	**3.95%**

Debt Equity	30/06/2018	30/06/2017
Net Financial Position	7,474	6,584
Total Shareholders' equity	28,499	30,172
Debt Equity	**0.26**	**0.22**

NFP MOL	30/06/2018	30/06/2017
Net Financial Position	7,474	6,584
Operating income	2,399	1,702
NFP MOL	**3.12**	**3.87**

BUSINESS POLICY

During the first half of 2018, the Group continued to improve the quality of the solutions offered on the market, both in terms of software components and services provided to customers, in addition to developing new product modules, specifically targeted to adjusting our products to regulatory and procedural changes in the area of company treasury management.

INVESTMENT POLICY

The investments made in the first half of 2018 are summarised below:

Description	**Amounts**
Investments in intangible assets and goodwill	44
Investments in property, plant and equipment	44
Total investments in fixed assets	**88**

RESEARCH AND DEVELOPMENT

Research and development is conducted for the purpose:

- of developing new products in the company treasury and finance sector;
- of improving the quality of products already offered;
- of reducing the cost of production of products;
- of consolidating know-how in the services offered in the area of company treasury and finance.

DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES THE GROUP IS EXPOSED TO

In conducting its business, the Group is exposed to risks and uncertainties deriving from external factors connected with the general macroeconomic scenario or specific to the business sectors it operates in, as well as risks deriving from strategic decisions and internal operating risks.

Those risks have been systematically identified and mitigated, carrying out prompt monitoring and control of the risks arising.

The Group carries out centralised risk management, while letting the heads of the functions identify, monitor and mitigate such risks, also in order to better measure the impact of each risk on business continuity, reducing their occurrence and/or containing their impacts depending on the determining factor.

In the area of business risks, the main risks identified, monitored and managed by the Group are the following:

- risk linked to competition;
- risk linked to demand/macroeconomic cycle;
- risk linked to exchange rates;
- risk linked to financial management.

Risk linked to competition

The sectors in which the Group operates are marked by harsh competition, which generally takes the form of tension on the sales prices of the products and services offered. However, Piteco operates in a highly specialised market, in which it has occupied a position of high standing in the domestic market for years, which makes it less subject to the tensions on prices caused by competition. As regards "banking - digital payments" activities, the Group continues to constantly compete with the leading US competitors, both in terms of organisation and in terms of services offered. The affiliate Juniper Payments, LLC, with the operations acquired from LendingTools, is in a good position to handle competition, boasting extensive experience in the sector.

Risk of evolution of the general economic framework

The trend in the sector the Group operates in is correlated to the general economic scenario. Therefore, any periods of negative economic trends or recession may result in a reduction in the demand for the products and services offered.

Risk linked to exchange rates

The Group's transactions in currencies other than the EUR, as well as the development strategies on the international markets, expose the Group to changes in exchange rates. The Administrative Department of Piteco S.p.A. is responsible for forecasting this risk. In the first half of 2018, no exchange rate hedging transactions were implemented.

Risk linked to financial management

The Group's policy is to carefully manage its treasury, by implementing tools for planning inflows and outflows. The Group's financial situation features medium/long-term financial indebtedness, in particular, a loan taken out in April 2017 for a total of EUR 7 million, expiring on 31 December 2022 and a convertible bond issued at the time of listing on the AIM market, maturing on 31 June 2020, with a nominal value of EUR 4,994 thousand. As at 30 June 2018, the residual nominal amount of the loan was EUR 5,274 thousand.

As at 30 June 2018, the Group has no short-term credit lines aside from its cash and cash equivalents of EUR 6,147 thousand.

Group financial risk management objectives and policies

The Group pursues the objective of containing financial risk through a control system managed by the Administrative Department of Piteco S.p.A. The Group's approach in forecasting financial risk, in a broad sense, entails that there are always sufficient funds to fulfil its obligations in relation to contractual due dates, to the extent possible.

Credit risk

As regards the risk of insolvency of its customers, the Group has set up specific bad debt provisions, adjusted based on the type of customer and statistical assessments. The specific concentration of the business on customers with high credit standing, the large number of such customers and sector diversification guarantee an additional, substantial lowering of credit risk.

INFORMATION ON THE ENVIRONMENT AND PERSONNEL

The regulations in force require that the analysis of the situation and performance of operations be consistent with the size and complexity of the Group's business and also contain "to the extent necessary to understand the Group's situation and performance of operations, the indicators of financial results and, if necessary, non-financial indicators pertinent to the specific business of the Group, including information regarding the environment and personnel".
As specified in the regulations mentioned above, the Italian Civil Code required directors to assess whether additional information on the environment may contribute to understanding the Group's situation. In light of that set out above, the management body deems that it may omit that information as, currently, it is not significant and, therefore, it is not deemed that it could contribute to understanding the Group's situation and the performance of operations. Said information shall be provided each time there are concrete, tangible, significant environmental impacts that generate potential consequences for the Group's equity or income.

SIGNIFICANT EVENTS OCCURRED AFTER THE END OF THE SIX-MONTH PERIOD

On 2 July 2018, the Company signed with the shareholders of Myrios S.r.l. a binding Memorandum of Understanding ("MoU") for the acquisition of a majority interest in Myrios, equal to 56% of its share capital. The agreement provides for the parties to conclude the final agreement by 15 October 2018. The finalization of the deal is conditional on Piteco completing due diligence with a positive outcome, as well as its ability to raise the necessary financial resources. The MoU provides for Piteco and the shareholders of Myrios to agree by the Final Date, among other things, (i) a preliminary sales agreement; (ii) a final sales agreement to be concluded at the time of execution of the transaction transferring the equity holding in Myrios; (iii) a shareholders' agreement for Myrios according to the criteria agreed; and (iv) a new version of the articles of association of Myrios.
Under the MoU, the amount due to the Myrios shareholders as consideration for the acquisition of 56% of the share capital of Myrios S.r.l. shall be paid in three stages. The first tranche of the price, equal to approximately EUR 7.3 million, plus the net financial position at the time of the closing, shall be paid by the Company at the time of the Closing.
The second and the third tranche of the price might be paid according to an earn-out arrangement respectively at the approval of the 2018 and 2019 financial statements, according to a formula that takes into account the actual increase in the EBITDA of Myrios S.r.l.
The agreements provide for a put option on the 44% stake in Myrios S.r.l. held by minority shareholders: these have the right to withdraw in the period between the approval of the financial statements of Myrios

S.r.l. for the year ended 31 December 2020 and the approval of the financial statements for the year ended 31 December 2024. The total price to be paid to the shareholders of Myrios (in proportion to the percentage of equity held by these) on exercise of the put option shall be calculated on the basis of some financial parameters, such as EBITDA and net financial position, resulting from the most recent financial statements approved by the shareholders' meeting of Myrios at the time the put option is exercised, applying a multiplier calculated on the basis of the Compound Annual Growth Rate of EBITDA ranging from 9 and 10.5 ("Put price"). At least 50% of the put price shall be paid by allocating Piteco ordinary shares, with the rest in cash.

Myrios S.r.l. is a company active in the design and implementation of high value software solutions for the finance area of banks, insurance companies, manufacturers and the public sector. The Company has developed Myrios FM (Financial Modelling™) software for the support of Financial Risk Management processes.

As previously mentioned, from September 25, 2018, the ordinary shares and the convertible bonds of Piteco S.p.A. are traded on the MTA Market organized and managed by Borsa Italiana.

BUSINESS OUTLOOK

In the first months of the second half of the year, the PITECO group reported an upward trend in turnover, which suggests for the current year a generalised increase in profits.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES, PARENT COMPANIES AND AFFILIATES

In the first half of 2018, Piteco S.p.A. alone conducted commercial, financial and economic transactions with companies in the Dedagroup Group, to which it belongs.

The table below provides a summary of the transactions carried out in the first half of 2018.

COMPANY NAME	RECEIVABLES	PAYABLES	REVENUES	COSTS
DEDAGROUP SPA (parent company)	58	655	78	95
DEDAGROUP BUSINESS SOLUTION SRL (affiliate)	20	-	1	-
MD SPA (affiliate)	9	-	24	-
total	**87**	**655**	**103**	**95**

Transactions of Piteco S.p.A. with subsidiaries, associates, parent companies and affiliates mainly refer to:

- commercial transactions, relating to purchases and sales of services in the Information Technology sector with affiliates in the Dedagroup group;
- transactions implemented as part of the national tax consolidation, in which the consolidating company is the parent company Dedagroup S.p.A.

All of these transactions, with the exception of those regarding the IRES tax consolidation, for which the rules of law primarily apply, are governed by specific contracts, whose conditions are in line with market conditions, i.e. the conditions that would be applied between independent parties.

In addition, note that there is an outstanding loan to Piteco North America, Corp, which is eliminated during the consolidation.

TREASURY SHARES

In the first half of 2018, the Parent Company purchased treasury shares as authorised by the shareholders' meeting, in the resolution dated 21 November 2017. On 30 June 2018, the Group held 148.500 treasury shares equal to 0.8190% of the share capital for a total value of EUR 746,982 (equal to the amount reflected in the "Negative reserve for treasury shares on hand", posted as a decrease to consolidated shareholders' equity).

DATA ON EMPLOYMENT

As at 30 June 2018, there were in total 105 employees, against 103 at 31 December 2017, with a total increase of two.

Personnel	30/06/2018	31/12/2017	Average for the period
Executives	6	6	6
Middle managers	27	26	27
Office workers	52	52	52
Other (Juniper Payments, LLC)	20	19	20
Total	**105**	**103**	**104**

ORGANISATIONAL MODEL AND CODE OF ETHICS

On 9 April 2015, the Board of Directors of PITECO S.p.A. approved the Code of Ethics and Organisational Model, as provided for in Italian Legislative Decree 231/2001. On 16 April 2018, the Board of Directors renewed until April 2021 the mandate of the members of the supervisory board already in office. The members of this board are therefore Miriam Giorgioni, as Chairman, Renato Toscana as external member and Raffaella Giordano as internal member.

MILAN, 26 September 2018

For the Board of Directors

The Chairman

Marco Podini

Consolidated Financial Statements as at 30 June 2018

STATEMENT OF FINANCIAL CONSOLIDATED POSITION

Assets	Notes	30/06/2018	Of which correlated	31/12/2017	Of which correlated	Change
Non-current assets						
Property, plant and machinery	1					
Land and buildings	1	1,252		1,274		-22
Plant and machinery	1	6		7		-1
Other assets	1	212		205		7
Total Property, plant and equipment		1,470		1,486		-16
Goodwill	2	28,872		28,871		1
Other intangible assets	3					
Concessions, licences and trademarks	3	8,017		8,474		-457
Other intangible assets	3	65		71		-6
Fixed assets under construction	3	28				28
Total Other intangible assets		8,110		8,545		-435
Deferred tax assets	4	493		418		75
Other non-current financial receivables	5					
Other non-current assets	5	19		28		-9
Total Other non-current financial receivables		19		28		-9
Total Non-current assets		38,965		39,348		-383
Current assets						
Inventories	6					
Activities from contract	6	144		103		41
Total Inventories		144		103		41
Current receivables	7					
Receivables from customers	7	5,062		3,941		1,121
Current receivables from group	7	87	87	52	52	35
Total Current receivables		5,149	87	3,993	52	1,156
Other short-term receivables	8	553		234		319
Tax receivables	9	11		42		-31
Cash and cash equivalents	10	6,147		5,154		993
Total Current assets		12,004		9,526		2,478
Total assets		50,969		48,874		2,095

Shareholders' equity and Liabilities	Notes	30/06/2018	Of which correlated	31/12/2017	Of which correlated	Change
Shareholders' equity	11					
Group shareholders' equity	11					
Issued capital	11	18,155		18,155		
Share premium reserve	11	5,924		5,924		
Negative reserve for treasury shares on hand	11	-747		-62		-685
Other reserves	11	1,102		71		1,031
Effect of conversion of Shareholders' Equity	*11*	*-355*		*-314*		*-41*
Retained earnings (Losses carried forward)	11	1,851		2,443		-592

Profit (loss) for the year	11	2,214		3,385		-1,171
Group shareholders’ equity		28,499		29,916		-1,417
Total Shareholders' equity		28,499		29,916		-1,417
Non-current liabilities						
Non-current financial liabilities	12					
Long-term bank borrowings	12	4,148		4,696		-548
Other non-current loans	12	4,712		4,658		54
Total Non-current financial liabilities		8,860		9,354		-494
Long-term derivative financial instruments	13	2,381		2,427		-46
Deferred tax liabilities	14	204		141		63
Post-employment benefits (employee severance indemnity)	15	1,167		1,179		-12
Long-term provisions	16	49		46		3
Total Non-current liabilities		12,661		13,147		-486
Current liabilities						
Current payables	17					
Payables due to suppliers	17	607		377		230
Current payables due to group	17	655	655	369	369	286
Total Current payables		1,262	655	746	369	516
Other current payables	18	5,782		2,445		3,337
Tax payables	19	385		295		90
Current financial liabilities	20					
Current bank borrowings	20	1,126		1,133		-7
Other loans and current financial payables	20	1,254		1,192		62
Total Current financial liabilities		2,380		2,325		55
Total Current liabilities		9,809		5,811		3,998
Total shareholders' equity and liabilities		50,969		48,874		2,095

INCOME STATEMENT

Income Statement	Notes	30/06/2018	Of which correlated	30/06/2017	Of which correlated	Change
Revenues	21	8,831	103	7,391	55	1,440
Other operating revenues	22	200		191		9
Changes in activities from contract	23	6		8		-2
Change in inventories	23	6		8		-2
Operating revenues		9,037		7,590		1,447
Goods and consumables	24	161	56	95	14	66
Goods and consumables	24	161	56	95	14	66
Personnel costs	25	3,920	531	3,585	548	335
Costs for services	26	1,520	20	1,369	36	151
Leases and rentals	26	221	18	190	18	31
Costs for services and leases and rentals	26	1,741	38	1,559	54	182
Other operating costs	27	32		174		-142
Operating costs		5,854		5,413		441
Gross operating income		3,183		2,177		1,006
Depreciation of property, plant and equipment	28	67		50		17
Amortisation of intangible assets	28	717		425		292
Amortisation and depreciation	28	784		475		309
Operating income		2,399		1,702		697
Gains/losses from transactions in foreign currency	29	255		-640		895
Other financial income	30	129		19		110
Financial income	30	129		19		110
Financial charges	31	261		262		-1
Financial income and charges		-132		-243		111
Profit (loss) before taxes		2,522		819		1,703
Income taxes	32	308		-187		495
Profit (loss) for the year		2,214		1,006		1,208
Profit (loss) of the Group		2,214		1,006		1.208

OTHER COMPONENTS OF CONSOLIDATED COMPREHENSIVE INCOME

Other components of comprehensive income	30/06/2018	30/06/2017	Change
Profit (loss) of the Group	**2,214**	**1,006**	**1,208**
Other comprehensive income (loss) that will not be subsequently reclassified under profit (loss)			
Actuarial gains/losses on employee benefits	**18**	**48**	**-30**
Taxes on actuarial gains/losses on employee benefits	**-4**	**-11**	**7**
Other comprehensive income (loss) that will be subsequently reclassified under profit (loss)			
Net gains (losses) on conversion of foreign subsidiaries	**-41**	**-174**	**133**
Total comprehensive income (loss)	**2,187**	**869**	**1,318**

Piteco
FINANCIAL SOFTWARE & CONSULTING

CONSOLIDATED STATEMENT OF CASH FLOWS

Statement of cash flows	30/06/2018	30/06/2017
Operating activity		
Profit (loss) for the year	**2,214**	1,006
Adjustments for:		
Financial loss (income)	132	243
Current income taxes	302	-44
Deferred tax liabilities (assets)	6	-143
Amortisation and depreciation	784	474
Financial income collected		19
Financial (charges) paid	-67	-99
Taxes paid		
Increase in fixed assets for internal projects	-30	
Cash flows from operating activity before changes in working capital	**3,341**	**1,456**
(Increases)/decreases in activities from contract	-6	-8
(Increases)/decreases in trade receivables and other receivables	-1,475	-974
Increases/(decreases) in trade payables and other liabilities	3,588	2,699
Increases/(decreases) in provisions for risks and charges	3	3
Increases/(decreases) in post-employment benefits	2	-24
Increases/(decreases) in tax liabilities (assets)	-1	12
Increases/(decreases) in tax payables (receivables)	-13	463
Net cash and cash equivalents deriving from operating activity	**5,439**	**3,627**
Investment activity		
(Increases) in fixed assets:		
- Property, plant and equipment	-44	-243
- Intangible assets	-16	-8,954
Other changes in fixed assets:		
- Property, plant and equipment	-5	0
- Intangible assets	-239	-12
- Financial assets	9	1
Net cash and cash equivalents used in investment activity	**-295**	**-9,208**
Financial assets		
Increases/(decreases) in financial instruments	-46	
Increases/(decreases) in financial payables	-504	5,495
of which:		
- New disbursements		7,000
Dividends distributed	-2,876	-2,719
Negative reserve for treasury shares	-685	
Conversion reserve forex changes	-41	-174
Net cash and cash equivalents used in financial activity	**-4,152**	**2,602**
Increases/(decreases) in net cash and cash equivalents	**993**	**-2,978**
Net cash and cash equivalents at the beginning of the year	**5,153**	**10,870**
Cash and cash equivalents at the end of the year	**6,147**	**7,892**

CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity	31/12/2016	Consolidation area change	Increases	Decreases	Dividend distribution	Net income allocation	Exchange rate effect	Other changes	30/06/2017
Capital paid-in	18,126								18,126
Issued capital	18,126								18,126
Share premium reserve	5,924								5,924
Negative reserve for treasury shares on hand									
Legal reserve	211					225			436
Extraordinary reserve	1,786				-2,719	4,278		1	3,346
IAS reserve	-59								-59
Listing reserve	-963								-963
Convertible bond issue reserve	98								98
Reserve for put option on NCI									
Remeasurement of defined-benefit plans (IAS 19)	-47		36						-11
Effect of conversion of Shareholders' Equity							-174		-174
Other reserves	1,026				-2,719	4,503	-174	1	2,673
Retained earnings (Losses carried forward)	2,443								2,443
Profit (loss) for the year	4,503		1,006			-4,503			1,006
Group shareholders' equity	32,022		1,042		-2,719		-174	1	30,172
Minority interests									
Total	32,022		1,042		-2,719		-174	1	30,172

Shareholders' equity	31/12/2017	Consolidation area change	Increases	Decreases	Dividend distribution	Net income allocation	Exchange rate effect	Other changes	30/06/2018
Capital paid-in	18,155								18,155
Issued capital	**18,155**								**18,155**
Share premium reserve	**5,924**								**5,924**
Negative reserve for treasury shares on hand	**-62**							**-685**	**-747**
Legal reserve	436					188			624
Extraordinary reserve	3,346				-2,876	3,568			4,038
IAS reserve	-59								-59
Listing reserve	-963								-963
Convertible bond issue reserve	98								98
Reserve for put option on NCI	-2,427								-2,427
Remeasurement of defined-benefit plans (IAS 19)	-46		14						-32
Effect of conversion of Shareholders’ Equity	-314						-41		-355
Other reserves	**71**		**14**		**-2,876**	**3,756**	**-41**		**924**
Retained earnings (Losses carried forward)	**2,443**					**-371**		**-43**	**2,029**
Profit (loss) for the year	**3,385**		**2,214**			**-3,385**			**2,214**
Group shareholders’ equity	**29,916**		**2,228**		**-2,876**		**-41**	**-728**	**28,499**
Total	**29,916**		**2,228**		**-2,876**		**-41**	**-728**	**28,499**

Notes to the consolidated financial statements of the period as at 30 June 2018

I. GENERAL INFORMATION

The parent company Piteco S.p.A. is a joint-stock company incorporated in Italy with registered office in Via Mercalli,16 in Milan, which operates primarily in the information technology sector, as a producer of specific software for business treasury and finance. The ordinary shares and convertible bonds of Piteco S.p.A. have been listed on the Borsa Italiana Telematic Market since September 25, 2018 (on the AIM market until that date). The company is registered with the register of companies of Milan REA 1726096.

Piteco S.p.A. is a subsidiary of Dedagroup S.p.A., with registered office in Trento (Province of Trento). Piteco S.p.A., in its role as Parent Company, drafts these condensed interim consolidated financial statements for the six month period ended 30 June 2018 including the financial statements of the parent company and its subsidiaries.

The publication of this interim financial report at June 30, 2018, subject to limited review, was authorized by resolution of the Board of Directors on September 26, 2018. The financial statements are represented in Euro, the current currency of the Parent Company.

II. PREPARATION CRITERIA AND COMPLIANCE WITH IAS/IFRS

General principles

The condensed interim financial statements as at 30 June 2018, pursuant to Article 154-ter TUF and subsequent amendments, have been prepared in compliance with the valuation and measurement criteria set out in the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB), based on the version published in the Official Journal of the European Communities (O.J.E.C.) and in compliance with the accounting standards adopted for the consolidated financial statements as at 31 December 2017, with the exception of what is indicated at the end of this paragraph.

The form and the content of this interim report correspond to the disclosure required by IAS 34 "Interim Financial Reporting". This interim report was drafted in compliance with the international accounting standards ("IAS - IFRS") issued by the International Accounting Standards Board and adopted by the European Union, including all interpretations of the IFRS Interpretations Committee, previously Standing Interpretations Committee ("SIC").

These condensed consolidated financial statements therefore do not include all information required for the annual financial statements and should be read together with the consolidated financial statements for the year ended 31 December 2017. Although not all information required for the full financial statements are provided, explanatory notes were included to describe events and transactions that are relevant to understand the changes in the financial position and performance of the Group since the most recent financial statements. The interim consolidated financial statements were prepared on the basis of the accounting records as at 30 June 2018 on the basis of the going concern assumption, which is supported by the financial and management indicators of the company.

These are the first financial statements in which the Group has applied IFRS 15 and IFRS 9. The significant changes in accounting standards relevant for the Group and its effects are described in Chapter V of this report.

The condensed consolidated financial statements include the statement of financial position, the income statement and the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity, and the explanatory notes.

Form and content of the document

With regard to the form and content of the financial statements, note that these have been prepared in accordance with the following methods:

- the statement of financial position presents current assets and non-current assets as well as current and non-current liabilities separately. The statement of financial position as at 30 June 2018 has been compared with the balances of the consolidated financial statements of the parent company as at 31 December 2017;
- in the income statement, costs are presented based on their nature. The income statement balances as at 30 June 2018 are compared with those of the consolidated financial statements of the parent company as at 30 June 2017;
- other components of comprehensive income include, in addition to the profit (loss) for the year, the charges and income recognised directly in shareholders' equity generated by transactions other than those with shareholders;
- for the statement of cash flows, the indirect method was used.

The use of these tables provides a more meaningful representation of the Group's equity, income and cash flow situation.

The functional and presentation currency is the Euro. The statements and tables contained herein are shown in thousands of Euro. These condensed consolidated financial statements have been audited by the Independent Auditors KPMG S.p.A. These condensed consolidated financial statements have been prepared using the standards and measurement criteria illustrated below.

III. PRINCIPLES AND SCOPE OF CONSOLIDATION

Principles of consolidation

Consolidation is carried out using the comprehensive line-by-line method, which consists in recognising all the items of assets and liabilities in full. The main consolidation criteria adopted in applying that method are illustrated below.

a) Subsidiaries are consolidated starting on the date on which control was effectively transferred to the Group, and cease to be consolidated on the date on which control is transferred outside the Group.
b) The assets and liabilities, income and charges of the companies consolidated using the line-by-line method are fully included in the consolidated financial statements. The carrying amount of equity investments is eliminated against the corresponding portion of shareholders' equity of the investee companies, attributing to individual assets and liabilities their fair values as of the date control was acquired (acquisition method defined by IFRS 3 "Business Combinations"). Any residual difference, if positive, is recognised under the asset item "Goodwill"; if negative, it is recognised in the income statement.
c) Reciprocal payables and receivables, costs and revenues between consolidated companies and the effects of all significant transactions between them are eliminated.
d) The portions of shareholders' equity and the profit (loss) for the period of minority shareholders are recognised separately in the consolidated shareholders' equity and the consolidated income statement: these interests are determined based on the percentage held by these parties in the fair value of the assets and liabilities posted at the original acquisition date or in the changes in shareholders' equity after that date.
e) Subsequently, the profits and losses are attributed to minority shareholders based on the percentage held by them, and the losses are attributed to minority interests even if this implies that the minority interests have a negative balance.
f) Changes in the equity interests of the parent company in a subsidiary that do not result in the loss of control are accounted for as capital transactions.
g) If the parent company loses control over a subsidiary, it shall:
    - eliminate the assets (including any goodwill) and liabilities of the subsidiary,
    - eliminate the carrying amounts of any minority interests in the former subsidiary,
    - eliminate the accrued exchange rate differences recognised in shareholders' equity,
    - recognise the fair value of the consideration received,
    - recognise the fair value of any equity stake maintained in the former subsidiary,
    - recognise any profit or loss in the income statement,
    - reclassify the portion pertaining to the parent company of the components previously recognised in the statement of comprehensive income to the income statement or to retained earnings, as applicable.

Scope of consolidation

The condensed consolidated financial statements as at 30 June 2018 include the financial statements of the parent company Piteco S.p.A. and those of the companies over which Piteco S.p.A. exercise control, directly or indirectly. Control is obtained when the Group is exposed, or has the right to variable returns deriving from its involvement with the entity invested in and, in the meantime, is also able to impact those results by exercising its power over that entity. Specifically, the Group controls an investee if, and only if, the Group has:

1) power over the entity invested in (or holds valid rights that grant it the current power to manage the

relevant activities of the entity invested in);

2) exposure, or rights to variable returns from its involvement with the entity invested in;

3) the ability to exercise its power over the entity invested in to impact the amount of its returns.

Generally, the assumption is that the majority of voting rights entails control. Supporting this assumption, and when the Group holds less than the majority of voting rights (or similar rights), the Group considers all the relevant facts and circumstances to establish whether it controls the entity invested in, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control over an investee if the facts and circumstances indicate that there have been changes in one or more of the three relevant factors for the purpose of defining control.

The complete list of equity investments included in the scope of consolidation as at 30 June 2018, indicating the consolidation method, is shown below.

Company Name	Registered Office	Share Capital	currency	% Ownership	held by	Type of consolidation
Piteco North America, Corp.	USA	10	USD	100%	Piteco S.p.A.	Line-by-line
Juniper Payments, LLC	USA	3,000	USD	60%[3]	Piteco North America, Corp.	Line-by-line

Conversion of financial statements expressed in foreign currency

In converting financial statements expressed in foreign currency, the items of the statement of financial position are converted at year-end exchange rates, while those of the income statement are converted at the average exchange rate for the year. The items of shareholders' equity are converted into Euro at the exchange rate in force at the date of their formation, or at the average exchange rate of the period if they are items formed repeatedly over the year.

The differences between the profit (loss) for the year resulting from the conversion at average exchange rates and that resulting from the conversion based on the year-end exchange rates, as well as the effects on other items of shareholders' equity of the differences in the historic exchange rates and the closing exchange rates, are posted under shareholders' equity in a statement of financial position item named Translation reserve and in a specific item of other components of comprehensive income. The exchange rates applied in converting the financial statements of companies located outside the Eurozone are shown below.

[3] Piteco North America, Corp. holds 550,000 Class A shares (out of 1,000,000 shares issued, of which 450,000 Class B), equal to 55% of the voting rights that can be exercised in the shareholders' meeting and right to profits, and equal to 100% of the share capital of USD 3,000,000 subscribed on incorporation of the affiliate. For the purposes of these financial statements, an additional acquisition of 50,000 shares of the share capital of Juniper Payments, LLC equal to 5% thereof, was recognised, for a total value of USD 1,500,000, subject to a forward purchase commitment with the minority shareholders.

Currency	Exchange rate at 30 June 2018	Average exchange rate 2018 H1	Exchange rate as at 31 December 2017	Average exchange rate 2017 H1
USD - US dollar	1.17	1.21	1.2	1.1

IV. SEGMENT DISCLOSURE

The segment disclosure has been prepared in accordance with the provisions of IFRS 8 "Operating Segments", which requires the presentation of disclosure in line with the methods adopted by the management for taking operating decisions. Therefore, the identification of the operating segments and the disclosure presented are defined based on internal reports used by the management for the purpose of allocating resources to the various segments and analysing their performance.

IFRS 8 defines an operating segment as a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (iii) for which discrete financial information is available.

The operating segments identified, which comprise all the services and products provided to customers, are:

- Corporate Treasury and Financial Planning
- Digital Payments and Clearing House (Banking)

Note that no comparison was made with the same period of the previous year, as the acquisition of the operations regarding the Banking segment occurred in April 2017. The results of the "Operating Segments" are measured and periodically reviewed by the management by analysing the performance of the EBITDA, defined as earnings for the period before amortisation, depreciation, write-downs, non-recurring charges and income, financial charges and income and taxes.

In particular, it is deemed that the EBITDA margin provides a good indication of the performance as it is not influenced by tax regulations or amortisation and depreciation policies.

The Revenues and EBITDA of the single operating segments are shown below.

Income Statement	Total	Corporate Treasury	Banking
Revenues	8,831	6,655	2,176
Other operating revenues	200	170	30
Change in activities from contract	6	6	
Operating revenues	**9,037**	**6,831**	**2,206**
Goods and consumables	161	154	7
Personnel costs	3,920	3,122	798
Costs for services and leases and rentals	1,741	1,241	500
Other operating costs	32	29	3
Operating costs	**5,854**	**4,546**	**1,308**
Gross operating income (EBITDA)	**3,183**	**2,285**	**898**

The assets and liabilities of the single operating segments are shown below.

Statement of Financial Position	Total	Corporate Treasury	Banking
Non-current assets	38,965	30,319	8,646
Current assets	12,004	9,321	2,683
Assets held for sale			
Non-current liabilities	12,661	10,280	2,381
Current liabilities	9,809	8,232	1,577
Liabilities related to assets held for sale			

V. ACCOUNTING STANDARDS AND AMENDMENTS TO THE STANDARDS ADOPTED BY THE GROUP

The accounting standards and the measurement criteria applied correspond to those adopted for the preparation of the consolidated financial statements as at 31 December 2017 with the exception of the application, required from 1 January 2018, of the standards IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”.

An in-depth description of these newly applied standards is provided below.

IFRS 15 “Revenue from Contracts with Customers”

The standard represents a single, comprehensive framework for recognising revenues and establishes the provisions to apply to contracts with customers. The standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and the corresponding interpretations. Based on this new accounting standard, revenue recognition is based on the following 5 steps:

1. *identifying the contract with the customer;*
2. *identifying contractual commitments to transfer goods and/or services to a customer (performance obligations);*
3. *determining the transaction price;*
4. *allocating the transaction price to the performance obligations identified;*
5. *recognising the revenue when the performance obligation has been met.*

Under IFRS 15, therefore, revenue is recognised when the customer obtains the control of the good or service. The identification of the moment in which the transfer of the control takes places - at a given moment or over time - requires an assessment by the management. On first-time adoption, Piteco decided to apply the new standard retroactively, with cumulative effect as at 1 January 2018. This method consists in the recognition of the cumulative effect of the first application of the new standard on the opening shareholders’ equity, without restatement of the comparison period. The Group has chosen to apply the new standard retroactively only to the contracts for the supply of software products and services that had not been completed at the time of the first application.

For the main revenue categories, the time when the corresponding performance obligations are fulfilled is indicated below:

- maintenance, application management and usage fees: contractual commitment fulfilled over time

based on the accrual period;
- software sale: fulfilment of the service at point in time at the time when the customer obtains control of the licence;
- professional services and customisations: commitment fulfilled when the contractual performance obligation is fulfilled, or over time based on the days of work provided as percentage of the total estimated at the start of the project in the case of work in progress.

Effects of first application

The effects deriving from the first application of IFRS 15 were determined by a limited number of contracts for which the timing (over time) of recognition of revenues was changed according to the time when the related performance obligations were satisfied. We provide below a summary of the effects of the first application of the new standard, indicating the contra-entry of the "cumulative catch-up adjustment" recognised on the opening balances.

Items of financial statements	*Amount in thousand EUR*
Initial activities from contract	35
Accounts from customers (deferred revenue)	(95)
Deferred tax assets	17
Profits carried forward – effect as at 1 January 2018	(43)

IFRS 9 "Financial Instruments"

The document collects the results of the phases of classification and measurement, derecognition, impairment and hedge accounting of the ISAB project to replace IAS 39. The new standard (i) modifies the model of classification and measurement of financial assets; (ii) introduces the concept of expected credit losses among the variables to be included in the measurement and impairment of financial assets; (iii) modifies the provisions on hedge accounting. The provisions of IFRS 9 shall be effective starting from financial years beginning on or after 1 January 2018. The areas impacted by the new standard are mainly: (i) the adoption of the expected credit loss model for the impairment of the credits that involves the recognition of the impairment of these on the basis of a forward-looking approach, based on the forecast of default of the counterparty (known as "probability of default") and ability to recover the credit if the default event takes place (known as "loss given default"); and (ii) for minority holdings, the reclassification from equity holdings available for sale and trading to equity holdings measured at fair value through profit and loss.

The standard was applied from 1 January 2018. The adoption of this standard did not have a significant impact on the amounts and information provided in the condensed interim consolidated financial statements of the Group.

IFRS 16 "Leases"

On 9 November 2017, the new IFRS 16 "Leases" was endorsed, which will replace IAS 17 and is applicable from 1 January 2019. IFRS 16 will amend the method of accounting for operating leases for lessees that lease/rent a specific asset. Based on this new standard, the Group must assess whether each new contract falls within the definition of a lease. A lease is defined as a contract in which, in exchange for consideration, the lessee has the right to control the use of a specific asset for a set period of time exceeding twelve months. Subsequently, the Group must once again assess the contract only in the event of changes to the terms and conditions of the original contract. At the date of first-time application, an asset will be initially recognised which represents the right of use pursuant to IFRS 16 (equal to the present value of the mandatory minimum future rentals) as well as a financial payable of the same amount, as the Group will use the modified retroactive application. The right of use recognised will be systematically amortised over the residual duration of the contract. The financial payable recognised will decrease over time as a portion of the lease rental will be used to service the loan (reducing the principal, with the posting of the related financial charge). Thus, the lease rental will no longer be posted in the gross operating margin. The management expect the application of IFRS 16 to have an insignificant impact on the amounts and information provided in the consolidated financial statements of the Group. However, a reasonable estimate of these effects cannot be provided until the Group completes a detailed analysis of its lease agreements.

VI. INFORMATION ON FINANCIAL RISK

This chapter provides a brief description of the Piteco group's policies and principles for management and control of the risks deriving from financial instruments (exchange rate risk, interest rate risk, credit risk and liquidity risk). In accordance with IFRS 7, in line with that set out in the Report on Operations, the sections below set out information on the nature of the risks deriving from financial instruments, based on accounting and management analyses.

The Group is exposed to financial risks connected with its operations. Mainly:

- credit risk, with specific reference to normal trade relationships with customers;

- market risk, relating to the volatility of exchange rates and interest rates;

- liquidity risk, which may arise with the inability to locate the financial resources necessary to guarantee the Group's operations.

<u>Management of credit risk</u> - Credit risk constitutes the Group's exposure to potential losses deriving from the non-fulfilment of obligations taken on by both trade and financial counterparties. In order to control that risk, the Group has consolidated procedures and actions to assess customers' credit standing and has optimised the specific recovery strategies for various customer segments. In selecting counterparties for managing temporarily surplus financial resources and in entering into financial hedging contracts (derivatives), the Group avails only of counterparties with high credit standing. In that regard, note that as at 30 June 2018 there was no significant risk exposure connected with the possible deterioration of the overall financial situation nor significant levels of concentration on single, non-institutional counterparties. As regards trade receivables, also considering the high standing of the Group's counterparties, bad debt provisions for trade receivables were made prudently based on the underlying credit status, i.e. taking into account the time that the receivables have been past due.

The receivables recognised in the financial statements did not include significant past due amounts. This applies to both the Parent Company and the subsidiaries.

Exchange rate risk management - Exchange rate risk derives from the Piteco Group's business partially conducted in currencies other than the EUR. Revenues and costs denominated in foreign currency may be influenced by the fluctuations the exchange rate, reflecting on commercial margins (economic risk), and trade and financial payables and receivables denominated in foreign currency may be impacted by the conversion rates used, reflecting on the income statement results (transaction risk). Lastly, the fluctuations in exchange rates also reflect on the consolidated results and the shareholders' equity attributable to the shareholders of the parent company, as the financial statements of several investees are drawn up in currencies other than the EUR, and subsequently converted into EUR (translation risk). The majority of the Group's trade receivables are from the EUR area (with regard to the Parent Company). Thus, from a commercial perspective, there is no significant exchange rate risk. The only values substantially influenced by fluctuations in exchange rates are cash and cash equivalents of the subsidiaries.

Interest rate risk management - As the Group is exposed to fluctuations in interest rates (primarily the Euribor) in relation to the amount of financial charges on indebtedness, it regularly assesses its exposure to interest rate risk and primarily manages it by negotiating loans.

Liquidity risk management - The Group operates with a low debt ratio (net financial indebtedness/shareholders' equity as at 30 June 2018 of 26%, net financial indebtedness/gross operating income at 2.3). In order to minimise liquidity risk, the Administrative and Financial Department also:

- maintains correct composition of net financial indebtedness, financing investments with own funds and, if necessary, medium/long-term debt;

- systematically checks that short-term cash flows receivable (collections from customers and other inflows) are capable of covering the cash flows payable (short-term financial indebtedness, payments to suppliers and other outflows);

- constantly verifies the forecast financial needs in order to promptly implement any corrective actions.

The analysis of maturities for the main financial liabilities is reported in the table below:

Long-term loans	30/06/2018	31/12/2017	Change
Long-term, unsecured bank borrowings	4,148	4,696	-548
Non-current bonds	4,712	4,658	54

Current portion of long-term loans	30/06/2018	31/12/2017	Change
Current unsecured bank borrowings	1,126	1,133	-7
Other current financial payables	1,254	1,192	62

The following table provides the breakdown by maturity of gross financial debt at the reporting date. Note that these values are not exactly representative of liquidity risk exposure, as they do not show expected nominal cash flows, rather, they are measured at amortised cost or fair value.

	30/06/2018	31/12/2017	Change

Within 6 months	559	554	5
Between 6 and 12 months	1,821	1,771	50
Between 1 and 5 years	8,861	9,353	-492
More than 5 years			

Fair Value Hierarchy

The classification of financial instruments at fair value envisaged by IFRS 13, determined based on the quality of the sources of input used in measurement, entails the following hierarchy (as required by the IFRS 7):

- Level 1: determination of the fair value based on prices listed (unadjusted) on active markets for identical assets or liabilities;
- Level 2: determination of the fair value based on inputs other than the listed prices included in "Level 1" but which can be directly or indirectly observed (e.g. forwards or swaps referring to futures markets);
- Level 3: determination of the fair value based on measurement models whose inputs are not based on observable market data (unobservable input).

The table below shows the assets and liabilities measured at fair value as at 30 June 2018, by level of the fair value measurement hierarchy.

Description	Level 1	Level 2	Level 3
Other financial liabilities (PUT option)			3,635
Total liabilities	**0**	**0**	**3,635**

For additional information, we refer to notes 13 and 20 of this report.

VII. USE OF ESTIMATES

The preparation of the Condensed Interim Consolidated Financial Statements requires Management to make estimates and assumptions that affect the value of revenue, costs, assets and liabilities, as well as the disclosure on contingent assets and liabilities at the time of the interim financial statements. If, in the future, these estimates and assumptions, based on the best assessment of currently available information, diverge from actual circumstances, they will be modified accordingly in the period in which the circumstances change.

In particular, estimates are used to recognise provisions made against credit risk, amortisation and depreciation, taxes and provisions made to reserves. Assumptions and estimates are regularly revised and the effects of each change are immediately recognised in the income statement. In addition, some assessments, in particular those more complex, such as the assessment of the existence of impairment for non-current assets, are usually carried out in full only during the preparation of the annual financial statements, when all necessary information is available, unless there are indications of impairment that require an immediate assessment.

The significant subjective assessments made by management in the application of the Group's accounting policies and the main sources of uncertainty in estimates were the same applied to the preparation of the consolidated financial statements for the year ended December 31, 2017, with the exception of new ones to the application of IFRS 15, described above.

VIII. NOTES TO THE STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH FLOWS AND INCOME STATEMENT

1 Property, plant and machinery

Changes in the items of Property, plant and machinery as at 30 June 2018 are shown below:

A010 Property, plant and machinery	Opening balance	Increases/Decreases	Exchange rate effect	Other changes	Closing balance
Land	201				201
Buildings	1,527				1,527
Accum. depreciation - Buildings	-454	-23		1	-476
Land and buildings	**1,274**	**-23**		**1**	**1,252**
Plant and machinery	152				152
Accum. depreciation - Property, plant and machinery	-145	-1			-146
Plant and machinery	**7**	**-1**			**6**
Industrial and commercial equipment	6				6
Accum. depreciation - Industrial and commercial equipment	-6				-6
Motor vehicles	11				11
Accum. depreciation - Motor vehicles	-11				-11
Furniture and furnishings	174				174
Accum. depreciation - Furniture and furnishings	-165	-1			-166
Electronic machines	122	14			136
Accum. depreciation - Electronic machines	-88	-7		1	-94
Other property, plant and equipment	219	30	7	1	257
Accum. depreciation Other property, plant and equipment	-57	-34	-3	-1	-95
Other assets	**205**	**2**	**4**	**1**	**212**
Total	**1,486**	**-22**	**4**	**2**	**1,470**

Land and buildings

These amounted to EUR 1,252 thousand (EUR 1,274 thousand as at 31 December 2017) and refer to the property in Via Mercalli 16, Milan, the registered office and operational headquarters of the Parent Company.

The value of the land on which the buildings stand has been separated out and recorded separately.

Plant and machinery

This amounted to EUR 6 thousand (EUR 7 thousand as at 31 December 2017) and mainly refers to accessory plant at the Parent Company headquarters.

Other assets

These amounted to EUR 212 thousand (EUR 205 thousand as at 31 December 2017) and referred mainly to furniture and furnishings and electronic office machines and other assets. The EUR 44 thousand increase was due to purchases in the first half of the year for hardware upgrades.

2 Goodwill

Changes in Goodwill as at 30 June 2018 are shown below:

A022) Goodwill	Opening balance	Increases	Decreases	Exchange rate effect	Closing balance
Goodwill	28,871			1	28,872
Total	**28,871**			**1**	**28,872**

Goodwill, amounting to EUR 28,872 thousand as at 30 June 2018 (EUR 28,871 thousand as at 31 December 2017) comprises:

- EUR 27,219 thousand for the deficit arising as a result of the reverse merger following the leveraged buyout, with legal effect from 11 July 2013;
- EUR 472 thousand for the value attributed to goodwill following the acquisition of the "Centro Data" business unit in 2015;
- EUR 1,181 thousand for the value attributed to goodwill following the acquisition of the "LendingTools" business unit in April 2017.

As at 30 June 2018, taking into account the outcome of the impairment tests carried out for the financial statements as at 31 December 2017, to which we refer for details on the variables used to calculate the recoverable value of the different cash flow generating units (CGU), and the development over the period of the external indicators and values originally used to estimate the recoverable value of the cash flow generating units, the management did not believe a full impairment test on the book value of goodwill to be necessary. The circumstances and the events that could require additional testing for the existence of impairments are monitored by the group on an ongoing basis.

3 Other intangible assets

The changes in other intangible assets are shown below:

A020) Other intangible assets	Opening balance	Increases/Decreases	Exchange rate effect	Other changes	Closing balance
Concessions, licences and trademarks	15	2			17
Accum. amortisation - Concessions, licences and trademarks	-7	-1			-8
Software	17,569	14	290		17,873
Accum. amortisation - Software	-9,103	-708	-54		-9,865
Concessions, licences and trademarks	**8,474**	**-693**	**236**		**8,017**
Other intangible assets	83		3		86
Accum. amortisation of other intangible assets	-12	-8	-1		-21
Other intangible assets	**71**	**-8**	**2**		**65**
Intangible fixed assets under construction		**28**			**28**

Total	**8,545**	**-673**	**238**	**8,110**

Concessions, licences and trademarks

The net balance amounted to EUR 8,017 thousand (EUR 8,474 thousand as at 31 December 2017) and is comprised of EUR 9 thousand for the PITECO™ trademark and the costs incurred to register the Match.it™ trademark, and EUR 8,088 thousand for software rights. The item software includes the right relating to the proprietary software Piteco and the proprietary software Match.it and the various versions of the technology platform of Juniper Payments, in addition to rights to use third party software.

Other intangible assets

Other intangible assets, equal to EUR 65 thousand (EUR 71 thousand as at 31 December 2017), represent the value attributed to the five-year non-competition agreement entered into as part of the closing for the acquisition of the LendingTools.com business unit. The non-competition agreement is amortised over the term of the agreement.

Fixed assets under construction

Intangible fixed assets under construction, equal to EUR 28 thousand (zero as at 31 December 2017), represent capitalised costs incurred in the development of software by the Juniper subsidiary. The project is expected to be completed by the end of 2018.

4 Deferred tax assets

Deferred tax assets of EUR 493 thousand (EUR 418 thousand as at 31 December 2017) are comprised of the temporary differences which the Group expects to recover in future years, based on the expected taxable income. Refer to the specific tables below in these explanatory notes for further details.

5 Other financial assets

The item in question breaks down as follows:

A050) Other non-current financial receivables	30/06/2018	31/12/2017	Change	Between 1 and 5 years	More than 5 years
Security deposits	19	28	-9	19	
Other non-current assets	**19**	**28**	**-9**	**19**	
Total	**19**	**28**	**-9**	**19**	

6 Activities from contract

The item in question breaks down as follows:

A160) Inventories	Opening balance	Increases	Decreases	Exchange rate effect	Closing balance
Activities from contract	103	41			144
Activities from contract	**103**	**41**			**144**

Total	**103**	**41**		**144**

The activities from contract of the parent company refer to services that were not yet completed at the end of the period, relating to contracts pertaining to indivisible services to be completed within twelve months.

7 Trade receivables

The item in question breaks down as follows:

A170) Current receivables	30/06/2018	31/12/2017	Change
Current receivables from customers	5,258	4,124	1,134
Bad debt provisions - current receivables from customers	-196	-183	-13
Receivables from customers	**5,062**	**3,941**	**1,121**
Current receivables from parent companies	58		58
Current receivables from associates	29	52	-23
Current receivables from group	**87**	**52**	**35**
Total	**5,149**	**3,993**	**1,156**

Receivables from customers, amounting to EUR 5,062 thousand (EUR 3,941 thousand as at 31 December 2017), are shown at their fair value, net of the corresponding bad debt provisions which, as at 30 June 2018, amounted to EUR 196 thousand. Current receivables from parent companies consist of receivables from the parent company Dedagroup. Current receivables from affiliates are composed of receivables from associates that are part of the Dedagroup group.

8 Other short-term receivables

The item in question breaks down as follows:

A175) Other short-term receivables	30/06/2018	31/12/2017	Change
Current receivables from social security institutions	10	1	9
Current prepaid expenses	430	121	309
Other current trade receivables	92	94	-2
Receivables from employees	19	14	5
Advances to suppliers	2	4	-2
Total	**553**	**234**	**-319**

Other current trade receivables are comprised of advances to suppliers.

9 Tax Receivables

The item in question breaks down as follows:

A185) Tax receivables	30/06/2018	31/12/2017	Change
IRAP (Regional Business Tax) receivables	1	35	-34
Other tax receivables	10	7	3
Total	**11**	**42**	**-31**

Tax receivables, entirely attributable to Piteco S.p.A., equal to EUR 11 thousand (EUR 42 thousand as at 31 December 2017), consist of credits for amounts withheld on interest income received by the subsidiary Piteco North America for EUR 10 thousand and receivables from the Revenue Agency for excess IRAP paid equal to EUR 1 thousand.

10 Cash and cash equivalents

The balance of the item in question represents cash and cash equivalents, as illustrated below.

A190) Cash and cash equivalents	30/06/2018	31/12/2017	Change
Bank deposits	6,146	5,153	993
Cash	1	1	
Total	**6,147**	**5,154**	**993**

11 Shareholders' equity

As at 30 June 2018 the share capital was fully subscribed and paid in, composed of 18,132,500 shares lacking nominal value.

Note that the origin of the share capital breaks down as follows: EUR 1,520 thousand from profit reserves, EUR 14,030 thousand from share exchange rate differences booked to share capital, EUR 2,576 thousand from shareholder payments following the share capital increase for the purpose of listing on the AIM market and EUR 29 thousand from the conversion of 7 bonds into 7,000 new shares.

For the detailed breakdown of the single items, see the statement of changes in shareholders' equity, while the statement showing a summary of the changes at the balance sheet date is shown below.

E0) Shareholders' equity	30/06/2018	31/12/2017	Change
Capital paid-in	18,155	18,155	
Issued capital	**18,155**	**18,155**	
Share premium reserve	**5,924**	**5,924**	
Negative reserve for treasury shares on hand	**-747**	**-62**	**-685**
Legal reserve	624	436	188
Extraordinary reserve	4,216	3,346	870
IAS reserve	-59	-59	
Listing reserve	-963	-963	
Convertible bond issue reserve	98	98	
Reserve for put option on NCI	-2,427	-2,427	
Remeasurement of defined-benefit plans (IAS 19)	-32	-46	14
Effect of conversion of Shareholders' Equity	-355	-314	-41
Other reserves	**1,102**	**71**	**1,031**
Retained earnings (Losses carried forward)	**1,851**	**2,443**	**-592**
Profit (loss) for the year	**2,214**	**3,385**	**-1,171**
Group shareholders' equity	**28,499**	**29,916**	**-1,417**

On approving the financial statements for the year ended as at 31 December 2017, the shareholders' meeting of the Parent Company approved the distribution of dividends of EUR 2,698 thousand.

The subsidiary Juniper Payment LLC has distributed, in the first half of the year, advances on profits for USD 460 thousand, of which USD 207 thousand to minority shareholders.

In the first half of 2018, the parent company purchased treasury shares for an amount of EUR 684.940 as authorised by the shareholders' meeting in its resolution dated 21 November 2017. As at 30 June 2018 the Parent Company held 148,500 treasury shares, equal to 0.8190% of the share capital, for a total value of EUR 746,982 (equal to the amount reflected in the “Negative reserve for treasury shares on hand”, posted as a decrease to consolidated shareholders’ equity).

At the time of the first adoption of the accounting standard IFRS15, the Group applied the new standard using the retroactive application method with cumulative effect at 1 January 2018. This method consists in the recognition of the cumulative effect of the first application of the new standard on the opening shareholders’ equity, without restating the comparison period. The amount of this effect is negative for EUR 43 thousand, net of deferred taxes for EUR 17 thousand.

12 Long-term loans

The balance of amounts due to banks and other long-term financial liabilities is set out in the table below:

L010) Non-current financial liabilities	30/06/2018	31/12/2017	Change	Between 1 and 5 years	More than 5 years
Long-term, unsecured bank borrowings	4,148	4,696	-548	4,148	
Long-term bank borrowings	**4,148**	**4,696**	**-548**	**4,148**	
Non-current bonds	4,712	4,658	54	4,712	
Other non-current loans	**4,712**	**4,658**	**54**	**4,712**	
Total	**8,860**	**9,354**	**-494**	**8,860**	

Long-term bank borrowings

Amounts due to banks refer to the unsecured loan with an original total amount of EUR 7.0 million, entered into on 3 April 2017, maturing on 31 December 2022, with an interest rate of Euribor 6 months + 1.90% spread, for the purpose of financing the US subsidiaries in acquiring the LendingTools.com business unit. The outstanding loan includes the following covenants that must be respected: NFP/SE < 1 and NFP/EBITDA < 3. NFP/SE < 1 and NFP/EBITDA < 3. These limits had been complied with as at 30 June 2018.

Non-current bonds

As part of the AIM listing process, a convertible bond was issued, named “Piteco Convertibile 4.50% 2015-2020”. The Parent Company issued 1,189 convertible bonds, traded on the AIM Italia market (on MTA from September 25, 2018), at a price equal to their nominal unit value of EUR 4,200 per convertible bond. The convertible bonds have a duration of 5 years from the issue date, and bear interest at a nominal annual fixed rate of 4.50% from the entitlement date (inclusive) up to the maturity date (exclusive). That loan is measured at amortised cost. The conversion option represents an embedded derivative financial instrument, which was posted in the corresponding item of the statement of financial position.

13 Long-term derivative financial instruments

The item in question breaks down as follows:

L020) Long-term derivative financial instruments	30/06/2018	31/12/2017	Change	More than 5 years
Put option on NCI	2,381	2,427	-46	2,381
Total	**2,381**	**2,427**	**-46**	**2,381**

In April 2017, as part of the acquisition of the LendingTools.com business unit, the subsidiary Piteco North America, Corp. subscribed with the minority shareholders of Juniper Payments, LLC (which currently hold 45% of the company's share capital, reduced to 40% effective from April 2019 due to the commitment to purchase 5% which has been extensively discussed in this report) an agreement to govern the right of the minority partners to exit from Juniper Payments, LLC once the term of five years has passed from the stipulation of the purchase and sale agreement of 7 April 2017, by subscribing specific put options. The agreement thus grants specific put options for the sale (by the two minority partners of Juniper Payments, LLC), which can be exercised starting on 7 April 2022, on the remaining stakes in share capital, equal to 40% of Juniper Payments, LLC, at a strike price to be negotiated or, if agreement is not reached, to be submitted for valuation by an independent expert.

Pursuant to the provisions of IAS 32, the assignment of a put option according to the terms described above requires the initial recognition of a liability equal to the estimated reimbursement value expected at the time of the exercise of the option. To that end, in the consolidated financial statements as at 31 December 2017, a non-current liability of EUR 2,427 thousand was recognised, calculated on the basis of: the estimated equity value of Juniper Payments, LLC at the measurement date that was discounted based on the USD standard swap curve, the expected dividends, and a discount factor calculated from the credit spread of Juniper Payments, LLC. The restatement of the fair value, in compliance with the provisions of IAS 39, has resulted in a decrease equal to USD 152 thousand (EUR 131 thousand at the exchange rate of 30 June 2018). Net of the exchange rate effect of EUR 85 thousand, this has resulted in a total decrease in the liability equal to EUR 46 thousand.

14 Deferred tax liabilities

The item in question breaks down as follows:

L030) Deferred tax liabilities	30/06/2018	31/12/2017	Change	Between 1 and 5 years	More than 5 years
Other non-current deferred taxes	204	141	63	204	
Total	**204**	**141**	**63**	**204**	

For further details on the composition of "Other non-current deferred tax liabilities", refer to the specific table in this report.

15 Employee benefits

The changes in employee benefits for the Parent Company alone are shown below:

L040) Post-employment benefits (employee severance indemnity)	Opening balance	Increases	Decreases	Closing balance
Employee severance indemnity	1,179		-8	1,167
Total	**1,179**		**-8**	**1,167**

The employee severance indemnity was measured based on the following financial assumptions:

Financial assumptions		
	30.06.2018	**31.12.2017**
Theoretical discount rate	1.45%	1.30%
Inflation rate	1.50%	1.50%
Employee severance indemnity growth rate	2.63%	2.63%

16 Provisions for risks and charges

The changes recorded during the period are shown below.

L050) Long-term provisions	Opening balance	Increases	Decreases	Closing balance
Other non-current provisions	46	3		49
Total	**46**	**3**		**49**

Provisions for risks and charges are solely composed of the Parent Company's provisions for agents' severance indemnities, to cover the amounts to be paid to agents in the event of termination of the agency relationship. This provision was not discounted as the results were not significant.

17 Trade payables

The change in trade payables is shown below:

L160) Current payables	30/06/2018	31/12/2017	Change
Current payables due to suppliers	575	349	226
Invoices to be received	32	28	4
Payables due to suppliers	**607**	**377**	**230**
Current payables due to parent companies	655	348	307
Current payables due to associates		21	-21
Current payables due to group	**655**	**369**	**286**
Total	**1,262**	**746**	**516**

Payables due to suppliers, including the allocations for invoices to be received, amounted to EUR 607 thousand as at 30 June 2018 (EUR 377 thousand as at 31 December 2017) and are all short term.

Current payables due to parent companies represent trade payables for EUR 197 thousand and payables deriving from the national tax consolidation for EUR 458 thousand.

18 Other current liabilities

Other current liabilities are shown in the table below:

L165) Other current payables	30/06/2018	31/12/2017	Change
Payables for current wages and salaries	1,393	1,308	85
Payables for social security charges	436	543	-107
Current accrued trade expenses	207	108	99
Other current payables	27	20	7
Current deferred commercial income	3,383	316	3,067
Current advances from customers	292	87	205
Other social security payables	44	63	-19
Total	**5,782**	**2,445**	**3,337**

Deferred income was equal to EUR 3,383 thousand and refers, almost entirely, to software maintenance fees collected in advance of the years when the services shall be provided.

19 Tax payables

Tax payables amounted to EUR 385 thousand as at 30 June 2018 (EUR 295 thousand as at 31 December 2017) and break down as follows:

L170) Tax payables	30/06/2018	31/12/2017	Change
Payables for withholding tax	171	274	-103
Due to Revenue Agency for VAT	92		92
Due for IRAP	16		16
Other tax payables	106	21	85
Total	**385**	**295**	**90**

20 Current financial liabilities

The changes in short-term loans are shown in the table below:

L110) Current financial liabilities	30/06/2018	31/12/2017	Change
Current unsecured bank borrowings	1,126	1,133	-7
Current bank borrowings	**1,126**	**1,133**	**-7**
Other current financial payables	1,254	1,192	62
Other loans and current financial payables	**1,254**	**1,192**	**62**
Total	**2,380**	**2,325**	**55**

Current bank borrowings

These regard the short-term portion (due within 12 months) of the amounts due to banks for the unsecured loan with an original total amount of EUR 7.0 million, entered into on 3 April 2017, maturing on 31 December

2022, with an interest rate of Euribor 6 months + 1.90%, for the purpose of financing the US subsidiaries in acquiring the LendingTools business unit. For more details on the covenants included in the loan, refer to the "Long-term loans" section.

Other current loans

The amount refers to the financial payable relating to the commitment to purchase 50,000 shares of the capital of Juniper Payments, LLC, equal to 5% of the capital, at a price of USD 1,500,000. The purchase will be finalised on 7 April 2019.

21 Revenues

Revenues from sales and services amounted to EUR 8,831 thousand (EUR 7,391 thousand as at 30 June 2017) recording an increase of EUR 1,440 thousand (+19.5%) compared to the corresponding figure of the same period of the previous year. Revenues from sales and services of the parent company Piteco S.p.A. were equal to EUR 6,655 thousand (EUR 6,582 thousand as at 30 June 2017).

Revenues by service type

The breakdown of revenues by service type is shown below.

IS10) Revenue	30/06/2018		30/06/2017		Change
Maintenance fees	2,927		2,819		108
Application management fees	647		596		51
Usage fees	293		277		16
Total Fees	**3,867**	**43.79%**	**3,692**	**49.95%**	**175**
Software sales	615		704		-89
Total Software	**615**	**6.96%**	**704**	**9.53%**	**-89**
Professional activities and services	1,729		1,790		-61
Other sales revenue	20				20
Customisation	415		387		28
Commissions and Royalties	9		9		
Total activities and services	**2,173**	**24.61%**	**2,186**	**29.58%**	**-13**
Digital Payments and Clearing House revenues	2,176		809		1,367
Total Digital Payments and Clearing House revenues	**2,176**	**24.64%**	**809**	**10.95%**	**1,367**
Total	**8,831**		**7,391**		**1,440**

Note that the contribution of digital payment and clearing house revenues refers to the entire first half of 2018. In the first half of 2017, instead, it referred only to the period after 7 April.

22 Other operating revenues

The balance of "Other operating revenues" as at 30 June 2018 was EUR 200 thousand (EUR 191 thousand as at 30 June 2017) including contingent assets for EUR 10 thousand, increases in internal work capitalised for EUR 30 thousand, expense reimbursements from customers for EUR 146 thousand and reimbursements from employees for professional and personal use of company cars for EUR 12 thousand. The increases in fixed assets for internal projects represent costs incurred for the development of proprietary software by the subsidiary Juniper Payments LLC.

IS15) Other operating revenues	30/06/2018	30/06/2017	Change
Recoveries of costs for services	158	158	
Other operating revenues	32		32
Contingent assets	10	33	-23
Total	**200**	**191**	**9**

24 Goods and consumables

Costs for the purchase of goods and consumables amounted to EUR 161 thousand (EUR 95 thousand as at 30 June 2017).

IS20) Goods and consumables	30/06/2018	30/06/2017	Change
Finished good purchase	153	92	61
Other purchases	8	3	5
Goods and consumables	**161**	**95**	**66**
Total	**161**	**95**	**66**

25 Personnel costs

Personnel costs for employees are shown in the table below:

IS25) Personnel cost	30/06/2018	30/06/2017	30/06/2017
Wages and salaries	3,083	2,693	390
Social security charges	674	737	-63
Allocations to pension funds and others	157	154	3
Other personnel costs	6		6
Professional development courses		1	-1
Total	**3,920**	**3,585**	**335**

Note that, in the first half of 2017, these costs had an impact only from 7 April 2017, the date of the acquisition of the business unit LendingTools.com.

26 Costs for services and leases and rentals

The breakdown of this cost item is provided in the table below:

IS21) Costs for services and leases and rentals	30/06/2018	30/06/2017	Change
External maintenance	98	85	13
Consulting administrative and legal services	530	624	-94
Utilities	48	39	9
Promotion & advertising fees	84	61	23
Bonuses and commissions	63	65	-2
Sundry consulting	389	243	146

Insurance	39	14	25
Travel expenses and allowances	168	148	20
Fees and compensation to directors	20	18	2
Services for personnel	81	72	9
Costs for services	**1,520**	**1,369**	**151**
Rent payable	82	71	11
Rentals and other	95	96	-1
Royalties	44	23	21
Leases and rentals	**221**	**190**	**31**
Total	**1,741**	**1,559**	**182**

The total increase of the costs for services, equal to EUR 151 thousand, is mainly due to the increase in miscellaneous services deriving from the US subsidiary Juniper Payments LLC. as well as the costs related to the listing process. It should be noted that these costs only partially affected the first half of 2017, from 7 April 2017, the date of acquisition of the LendingTools.com business unit.

27 Other Operating Costs

Other costs are shown in the table below:

IS30) Other operating costs	30/06/2018	30/06/2017	Change
Other taxes (other than income tax)	9	6	3
Fines and penalties		1	-1
Contributions and disbursements	1	5	-4
Magazine and subscription fees	3	3	
Contingent liabilities	2	18	-16
Allocations to prov. for agents' severance indemnities	3		3
Allocations to bad debt provisions	14	141	-127
Total	**32**	**174**	**-142**

28 Amortisation and depreciation

The amortisation of intangible assets and depreciation of property, plant and equipment is summarised in the table below:

IS37) Amortisation and depreciation	30/06/2018	30/06/2017	Change
Depreciation of buildings used in operations	23	23	
Depreciation of generic plant	1		1
Depreciation of furniture and furnishings		3	-3
Depreciation of electronic machines	7	6	1
Depreciation of other property, plant and equipment	36	18	18
Depreciation of property, plant and equipment	**67**	**50**	**17**
Amortisation of concessions, licences and trademarks	3	1	2
Amortisation of software	714	424	290
Amortisation of intangible assets	**717**	**425**	**292**
Total	**784**	**475**	**309**

The total increase, equal to EUR 309 thousand, is mainly due to increased amortisation of the software of the US subsidiary Juniper Payments LLC.

29 Gains (losses) from transactions in foreign currency

The table below provides details of gains (losses) from transactions in foreign currency:

IS50) Gains/losses from transactions in foreign currency	30/06/2018	30/06/2017	Change
Exchange gains	264		264
Exchange losses	-9	-640	631
Total	**255**	**-640**	**895**

30 Financial income

The table below provides details of financial income:

IS40RF) Financial income	30/06/2018	30/06/2017	Change
Interest on bank and postal current accounts	3	19	-16
Profit on financial derivatives and similar instruments	126		126
Other financial income	**129**	**19**	**110**
Total	**129**	**19**	**110**

The income from changes in the fair value of financial instruments was equal to EUR 126 thousand in the six month period ended 30 June 2018 and refers to the evaluetion of the put option given to the minority shareholders of the subsidiary Juniper Payments LLC, already described.

31 Financial charges

The table below provides details of financial charges:

IS40CF) Financial charges	30/06/2018	30/06/2017	Change
Financial charges parent companies	1		1
Non-current interest due to banks	66	99	-33
Non-current interest on other payables	186	155	31
Financial charges on employee severance indemnity	8	8	
Total	**261**	**262**	**-1**

32 Income taxes

Income tax charges were calculated using the best estimate available to management of the average weighted tax rate expected for the entire year, applied to the pre-tax income of the period, adjusted to reflect the tax effect of some elements recognised entirely in the period. Therefore, the effective tax rate of the interim financial statements may be different from that estimated by management for the year as a whole. The estimated income tax charges for the six month period are analysed below:

IS55) Income taxes	30/06/2018	30/06/2017	Change
IRAP (Regional Business tax) income taxes	48	46	2
IRES (Corporate income tax) income taxes	169	244	-75
Previous years' taxes	-1	-334	333
Deferred tax assets	-57	-145	88
Deferred tax liabilities	63	2	61
Income taxes on foreign subsidiaries	86		86
Total	**308**	**-187**	**495**

Changes in deferred tax assets (liabilities) are shown below:

Effects of deferred tax assets and liabilities - IRES	30/06/2018		31/12/2017	
	Temporary Difference	Taxes (rate of 24%)	Temporary Difference	Taxes (rate of 24%)
Amortisation of trademarks	65	16	76	18
Prov. for supplementary customer allowances	7	2	7	2
Long-term costs	15	4	20	5
Actuarial valuation of employee severance indemnity	183	44	201	48
Other costs with deferred deductibility	161	39	162	39
Exchange rate differences from valuation	1,044	251	1,044	251
Amortisation Piteco North America software	566	136	229	52
Deferred tax assets	**2,041**	**492**	**1,739**	**415**
Higher value of property	418	100	425	102
Amortisation and depreciation of Centro Data goodwill	92	22	79	19
Other deferred taxes	257	62		
Deferred tax liabilities	**767**	**184**	**504**	**121**
Total	**-1,274**	**-308**	**-1,235**	**-294**

Effects of deferred tax assets and liabilities - IRAP	30/06/2018		31/12/2017	
	Temporary Difference	Taxes (rate of 3.9%)	Temporary Difference	Taxes (rate of 3.9%)
Amortisation of trademarks	65	3	76	3
Prov. for supplementary customer allowances	4		4	
Long-term costs	15	1	20	1
Other costs with deferred deductibility	1		2	
Deferred tax assets	**85**	**4**	**102**	**4**
Higher value of property	418	16	425	17
Amortisation and depreciation of Centro Data goodwill	92	4	79	3
Deferred tax liabilities	**510**	**20**	**504**	**20**
Total	**425**	**16**	**402**	**16**

The balance of deferred tax assets and liabilities takes into account both deferred taxes due to temporary tax differences and deferred taxes calculated on the IAS/IFRS conversion adjustments.

The effect on the income statement of deferred taxes includes the reversal of Euro 17 thousand deriving from the first application of IFRS 15 (reference is made to chapter V "ACCOUNTING PRINCIPLES AND AMENDMENTS TO THE STANDARDS ADOPTED BY THE GROUP").

IX. COMMITMENTS AND GUARANTEES

Information on the composition and nature of commitments and guarantees is provided below.

Memorandum accounts	30/06/2018	31/12/2017
Sureties and personal guarantees and collateral to third parties	61	54
Guarantees given	**61**	**54**
Third party assets at the company	67	87
Third Party Assets	**67**	**87**
Total	**128**	**141**

As at 30 June 2018 the Parent Company granted guarantees of EUR 61 thousand in the form of sureties for participation in tenders. Other commitments include EUR 67 thousand in commitments deriving from operating leases of vehicles.

X. TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

In addition to the information provided in the Report on Operations on transactions with parent companies and affiliates, note that during 2018 transactions with related parties referred to directors, auditors and managers with strategic responsibilities were carried out, only pertaining to the legal relationships regulating the position of the counterparty within the Group.

Managers with strategic responsibilities include the 6 first-level managers. Their fees and salaries, including social security costs, were equal to EUR 531 thousand in the six month period.

XI. NET FINANCIAL POSITION

The reclassification of the statement of financial position and the breakdown of the net financial position of the Group are shown below.

Reclassified Statement of Financial Position	30/06/2018	31/12/2017	Change
Activities from contract	144	103	41
Current receivables	5,149	3,993	1,156
Tax receivables	11	42	-31
Other current assets	553	234	319
(A) Current assets	**5,857**	**4,372**	**1,485**
Current payables	1,262	746	516
Tax payables	385	295	90
Other current liabilities	5,782	2,445	3,337
(B) Current liabilities	**7,429**	**3,486**	**3,943**
(A-B) Net working capital	**-1,572**	**886**	**-2,458**

Property, plant and equipment	1,470	1,486	-16
Intangible assets	36,982	37,416	-434
Financial assets	19	28	-9
Deferred tax assets	493	418	75
(C) Non-current assets	**38,964**	**39,348**	**-384**
Post-employment benefits (employee severance indemnity)	1,167	1,179	-12
Long-term provisions	49	46	3
Deferred tax liabilities	203	141	62
(D) Non-current liabilities	**1,419**	**1,366**	**53**
(NWC+C-D) Net invested capital	**35,973**	**38,868**	**-2,895**
Issued capital	18,155	18,155	
Reserves	6,279	5,933	346
Retained earnings (Losses carried forward)	1,851	2,443	-592
Profit (loss) for the year	2,214	3,385	-1,171
(SE) Total shareholders' equity	**28,499**	**29,916**	**-1,417**
Cash and cash equivalents	6,147	5,154	993
Current financial liabilities	2,380	2,325	55
Non-current financial liabilities	11,241	11,781	-540
(NFP) Net financial position	**7,474**	**8,952**	**-1,478**
(SE+NFP) Total sources	**35,973**	**38,868**	**-2,895**

The net financial position of the Group at the end of the period ended 30 June 2018 was negative for EUR 7,474 thousand (negative for EUR 8,952 thousand as at 31 December 2017). The decrease was mainly due to (a) liquidity generated by the operating activity, (b) dividend payments, (c) purchase of treasury shares and (e) payment of instalments on medium/long-term loans.

For additional details on the changes of the net financial position of the Group, refer to the Management Report.

XII. TREASURY SHARES

In the first half of 2018, Piteco S.p.A. purchased treasury shares as authorised by the shareholders' meeting, in its resolution dated 21 November 2017. As at 30 June 2018, the Group held 148,500 treasury shares, equal to 0.8190% of the share capital for a total value of EUR 746,982 (equal to the amount reflected in the "Negative reserve for treasury shares on hand", posted as a decrease to consolidated shareholders' equity).

XIII. SUBSEQUENT EVENTS

On 2 July 2018, the Company signed with the shareholders of Myrios S.r.l. a binding Memorandum of Understanding ("MoU") for the acquisition of a majority interest in Myrios, equal to 56% of its share capital. The agreement provides for the parties to conclude the final agreement by 15 October 2018. The finalization of the deal is conditional on Piteco completing due diligence with a positive outcome, as well as its ability to raise the necessary financial resources. The MoU provides for Piteco and the shareholders of Myrios to agree by the Final Date, among other things, (i) a preliminary sales agreement; (ii) a final sales agreement to be concluded at the time of execution of the transaction transferring the equity holding in Myrios; (iii) a

shareholders' agreement for Myrios according to the criteria agreed; and (iv) a new version of the articles of association of Myrios.
Under the MoU, the amount due to the Myrios shareholders as consideration for the acquisition of 56% of the share capital of Myrios S.r.l. shall be paid in three stages. The first tranche of the price, equal to approximately EUR 7.3 million, plus the net financial position at the time of the closing, shall be paid by the Company at the time of the Closing.
The second and the third tranche of the price might be paid according to an earn-out arrangement respectively at the approval of the 2018 and 2019 financial statements, according to a formula that takes into account the actual increase in the EBITDA of Myrios S.r.l.
The agreements provide for a put option on the 44% stake in Myrios S.r.l. held by minority shareholders: these have the right to withdraw in the period between the approval of the financial statements of Myrios S.r.l. for the year ended 31 December 2020 and the approval of the financial statements for the year ended 31 December 2024. The total price to be paid to the shareholders of Myrios (in proportion to the percentage of equity held by these) on exercise of the put option shall be calculated on the basis of some financial parameters, such as EBITDA and net financial position, resulting from the most recent financial statements approved by the shareholders' meeting of Myrios at the time the put option is exercised, applying a multiplier calculated on the basis of the Compound Annual Growth Rate of EBITDA ranging from 9 and 10.5 ("Put price"). At least 50% of the put price shall be paid by allocating Piteco ordinary shares, with the rest in cash.

As previously mentioned, on September 25, 2018 the trading of the ordinary shares and convertible bonds of Piteco S.p.A. started on the MTA market.

XIV. SIGNIFICANT, NON-RECURRING, ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In the six-month reference period, there were no significant, non-recurring, atypical and/or unusual transactions.

XV. FEES TO THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

The table shows the fees pertaining to 2018 to the Directors and the Board of Statutory Auditors. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Fees due to the Directors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Marco Podini	Chairman of the BoD	01.01.2018-31.12.2018	Approval of the 2020 financial statements	5.0
Paolo Virenti	Chief Executive Officer	01.01.2018-31.12.2018	Approval of the 2020 financial statements	5.0

Gianni Camisa	Director	01.01.2018-31.12.2018	Approval of the 2020 financial statements	5.0
Annamaria Di Ruscio	Director	01.01.2018-31.12.2018	Approval of the 2020 financial statements	5.0
Andrea Guido Guillermaz	Director	01.01.2018-31.12.2018	Approval of the 2020 financial statements	5.0
Riccardo Veneziani	Director	01.01.2018-31.12.2018	Approval of the 2020 financial statements	5.0
Maria Luisa Podini	Director	01.01.2018-31.12.2018	Approval of the 2020 financial statements	5.0
Mancini Francesco	Director	16.04.2018-31.12.2018	Approval of the 2020 financial statements	5.0
Total				**40.0**

Fees due to the Board of Statutory Auditors

Name and Surname	Position	Period for which the office was held	End of term of Office	Fees (thousands of EUR)
Maurizio Scozzi	Chairman of the Board of Statutory Auditors	01.01.2018-06.09.2018	Approval of the 2020 financial statements	15.0
Luigi Salandin	Chairman of the Board of Statutory Auditors	06.09.2018-31.12.2018	Approval of the 2020 financial statements	7.5
Marcello Del Prete	Standing Auditor	01.01.2018-31.12.2018	Approval of the 2020 financial statements	15
Luigi Salandin	Standing Auditor	01.01.2018-06.09.2018	Approval of the 2020 financial statements	10
Fabio Luigi Mascherpa	Standing Auditor	06.09.2018-31.12.2018	Approval of the 2020 financial statements	5
Claudio Stefanelli	Alternate Auditor	01.01.2018-16.04.2018	Approval of the 2018 financial statements	
Anna Postal	Alternate Auditor	16.04.2018-31.12.2018	Approval of the 2020 financial statements	
Gianandrea Borghi	Alternate Auditor	01.01.2018-31.12.2018	Approval of the 2020 financial statements	
Total				**52.5**

XVI. FEES FOR INDEPENDENT AUDITORS

The table shows the fees for the various services of the auditing company for the year 2018. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Type of services	Party providing the service	Fees (thousands of EUR)
Auditing of the accounts	KPMG	50

XVII. EARNINGS PER SHARE

Base

The base earnings per share are calculated by dividing the net profit for the period attributable to the ordinary shareholders of the parent company by the average weighted number of outstanding ordinary shares at the end of the six month period, equal to 18,080,083. The income and information on the shares used to calculate the base earnings per share are shown below.

Description	30/06/2018	30/06/2017
Net profit attributable to shareholders	**2,135**	**1,006**
Number of outstanding ordinary shares at the beginning of the year	18,111,500	18,125,500
- reduction of share capital	127,500	
Number of outstanding ordinary shares at the end of the year	17,984,000	18,125,500
Weighted average of outstanding shares	18,080,083	18,125,500
Base earnings per share in EUR	**0.1181**	**0.0555**
Diluted earnings per share in EUR	**0.1205**	**0.0603**

The number of shares for the calculation of the earnings per share was net of the average number of treasury shares held.

Diluted

Diluted earnings per share are calculated by assuming the conversion of all potential shares with dilutive effects, modifying, as a result, the weighted average of outstanding shares. More specifically, the "convertible bond" is considered to have been fully converted into ordinary shares and the net profit attributable to shareholders of the company is adjusted, eliminating the interest expense on the convertible bond.

Milan, 26 September 2018

Chairman of the BoD

Marco Podini