Interim financial statements
as at 30 June 2019

Condensed interim consolidated financial statements prepared in compliance with the IAS/IFRS standards

- Values in thousands of EUR –

The present document is a translation of the original Italian document,

which remains the only valid document issued by the company.

The English translation is not an official document but only a reading facility for English-speaking users.

For any official communication of data and concepts, see the official Italian version.

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Piteco
FINANCIAL SOFTWARE & CONSULTING

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
Annamaria Di Ruscio (1), (2)	Director
Andrea Guido Guillermaz	Director
Riccardo Veneziani	Director
Maria Luisa Podini	Director
Francesco Mancini (1), (3)	Director
Mauro Rossi (4)	

(1) Member of the Remuneration Committee, the Risk Control Committee and the Related Parties Committee;
(2) Chairman of the Related Parties Committee and of the Remuneration Committee;
(3) Chairman of the Risk Control Committee;
(4) Member of the Related Parties 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.

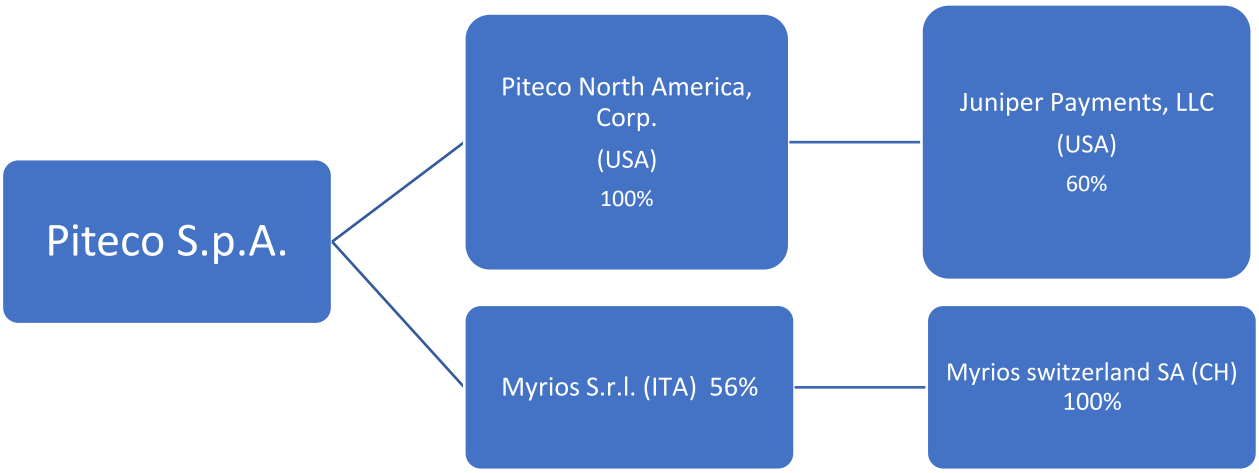
The auditing assignment was granted by the shareholders' meeting of 16 April 2018 for the nine years ending with the approval of the financial statements as at 31 December 2026.

Structure of Group and consolidation perimeter

Situation as at 30 June 2019

The following companies in the Piteco Group (hereinafter also the "Group") are included in the scope of consolidation:

Company Name	Registered Office	Share Capital	currency	% Ownership	held by	Type of consolidation
Piteco S.p.A. ("Piteco")	Italy	18,247	EUR	n/a	n/a	Line-by-line
Piteco North America, Corp. ("Piteco NA")	USA	10	USD[1]	100%	Piteco S.p.A.	Line-by-line
Juniper Payments, LLC ("Juniper")	USA	3,000	USD	60%[2]	Piteco North America, Corp.	Line-by-line
Myrios S.r.l. ("Myrios")	Italy	50	EUR	56%[3]	Piteco S.p.A.	Line-by-line
Myrios Switzerland SA ("Myrios Ch")	Switzerland	100	CHF	100%	Myrios S.r.l.	Line-by-line



The change in the scope of consolidation of the Piteco Group as at 30 June 2019 compared to that as at 31 December 2018 regarded the consolidation of Myrios Switzerland SA, a company incorporated in February 2019 by Myrios S.r.l. It should be noted, however, that on 7 April 2019, as provided for contractually, the company Piteco North America, Corp. acquired from the minority shareholders of Juniper Payments, LLC, a further 50,000 shares in said entity, equal to 5% of share capital.

[1] The currency codes used herein comply with the International Standard ISO 4217: EUR Euro; USD Dollar USA; CHF Swiss Franc.

[2] Piteco North America, Corp. holds 550,000 Class A shares and 5,000 Class B shares (out of 1,000,000 shares issued, of which 450,000 Class B), equal to 60% 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 subsidiary. For the purposes of these financial statements, the Put Option reserved for minority shareholders of 40% of the share capital was recorded.

[3] Piteco S.p.A. holds a stake of EUR 28,000 in nominal value, equal to 56% of the share capital of EUR 50,000. For the purposes of these financial statements, the Put Option reserved for minority shareholders of 44% of the share capital was recorded.

Interim Management Report

INTRODUCTION

This interim Management Report (hereinafter also the "Report") relates to 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 make up the Condensed Interim Consolidated Financial Statements of the Piteco Group as at 30 June 2019.

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

the first half of 2019 recorded a strong business performance, with regards to both the parent company Piteco S.p.A. and the subsidiaries Juniper Payments LLC and Myrios S.r.l.. In particular, note should be taken of the incorporation, in February 2019, of the company Myrios Switzerland SA in Geneva, with the objective of speeding up the penetration of the Group's proprietary software solutions in the European corporate market.

The Piteco Group is an important player in the financial software sector, with an ambitious plan for diversification and internationalisation, driven by 3 business lines:

- PITECO S.p.A., a software house that is an absolute leader in Italy in software proprietary solutions for company treasury management and financial planning, used by over 600 national and international groups operating in all business sectors. With 87 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 is listed on the MTA (Electronic Equity Market).

- JUNIPER PAYMENTS, LLC, a leading software house in the US, offering proprietary software solutions in the digital payments and clearing house sectors for around 3,000 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.

- MYRIOS S.r.l., an Italian software house 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 developed Myrios FM (Financial Modelling), a software solution targeted to both industrial and service companies as well as financial institutions, to support complex processes and calculations in the Treasury, Capital Markets and Risk Management areas.

GROUP SITUATION AND PERFORMANCE OF OPERATIONS

The first half of 2019 ended with profit after tax equal to EUR 2,049 thousand. The statements below provide a summary of the economic performance and financial position of the company in the first half of 2019:

Economic analysis

Income Statement	6 months closed at 30/06/2019	%	6 months closed at 30/06/2018	%	% Change
Revenues	10,587	95.4%	8,831	97.7%	19.9%
Other operating revenues	433	3.9%	200	2.2%	116.5%
Change in assets deriving from contracts	80	0.7%	6	0.1%	1233.3%
Operating revenues	**11,100**	**100.0%**	**9,037**	**100.0%**	**22.8%**
Goods and consumables	150	1.4%	161	1.8%	-6.8%
Personnel costs	4,564	41.1%	3,920	43.4%	16.4%
Costs for services and leases and rentals	1,965	17.7%	1,620	17.9%	21.3%
Other operating costs	79	0.7%	15	0.2%	426.7%
Operating costs	**6,758**	**60.9%**	**5,716**	**63.3%**	**18.2%**
EBITDA	**4,342**	**39.1%**	**3,321**	**36.7%**	**30.7%**
Amortisation and depreciation	1,376	12.4%	784	8.7%	75.5%
Write-downs and write-backs	28	0.3%	17	0.2%	64.7%
EBIT	**2,938**	**26.5%**	**2,520**	**27.9%**	**16.6%**
Gains (losses) from transactions in foreign currency	45	0.4%	255	2.8%	-82.4%
Financial income and charges	-571	-5.1%	-132	-1.5%	332.6%
Non-recurring income and charges	-143	-1.3%	-121	-1.3%	18.2%
Profit before tax	**2,269**	**20.4%**	**2,522**	**27.9%**	-10.0%
Income taxes	220	2.0%	308	3.4%	-28.6%
Profit (loss) for the year	**2,049**	**18.5%**	**2,214**	**24.5%**	**-7.5%**

In the six month period ended 30 June 2019, the turnover of the Group was equal to EUR 10,587 thousand, marking a **20%** increase with respect to 30 June 2018. Operating revenues amounted to EUR 11,100 thousand (**+23%** compared to 30 June 2018). EBITDA was EUR 4,342 thousand (**+31%** compared to 30 June 2018) and its weight on revenues came to 39%. It should be noted that the first half of 2018 (used as the period of comparison) does not include the revenues of the subsidiary Myrios S.r.l. as it was only consolidated from October 2018 (date of acquisition of the company).

During the first half of 2019, net exchange rate gains of EUR 45 thousand were recognised, of which EUR 34 thousand not realised, deriving from the conversion at current exchange rates of the USD loan granted by Piteco S.p.A. to the subsidiary Piteco North America, Corp.. That loan was to finance the acquisition of the "LendingTools.com" business unit.

EBIT amounted to EUR 2,938 thousand and its weight on revenues came to 26%. Net Profit amounted to EUR 2,049 thousand and its weight on revenues came to 18%.

Profit for the period was adversely affected by the higher amortisation/depreciation compared to the half ended as at 30 June 2018, relating to the assets of the company Myrios S.r.l., whose acquisition took place in

October 2018, and the incremental financial expenses accrued on the loan obtained to acquire Myrios S.r.l.. Note should also be taken of the non-recurring expenses incurred by Piteco S.p.A. and by the subsidiary Myrios S.r.l. for a total of EUR 143 thousand.

Results by operating segment

The results of the “operating segments” are measured by analysing the performance of the EBITDA, 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 EBITDA 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 (Corporate Treasury)
- Digital Payments and Clearing House (“Banking”)
- IT solutions for Risk Management (“Risk Mng”)

Income Statement	30/06/2019				30/06/2018		
	Total	Corporate Treasury	Banking	Risk Mng	Total	Corporate Treasury	Banking
Revenues	10,587	7,003	2,228	1,356	8,831	6,655	2,176
Other operating revenues	433	374	31	28	200	170	30
Change in assets deriving from contracts	80	18	-	62	6	6	-
Operating revenues	**11,100**	**7,395**	**2,259**	**1,446**	**9,037**	**6,831**	**2,206**
Goods and consumables	150	140	1	9	161	154	7
Personnel costs	4,564	3,310	726	528	3,920	3,122	798
Costs for services and leases and rentals	1,965	1,097	753	115	1,620	1,120	500
Other operating costs	79	18	8	53	15	12	3
Operating costs	**6,758**	**4,565**	**1,488**	**705**	**5,716**	**4,408**	**1,308**
EBITDA	**4,342**	**2,830**	**771**	**741**	**3,321**	**2,423**	**898**
	39%	**38%**	**34%**	**51%**	**37%**	**35%**	**41%**

The half ended as at 30 June 2019 saw an increase of 8.3% in operating revenues in the Corporate Treasury sector and 2.4% in the Banking sector. The trend in EBITDA was positive for all business segments. The Corporate Treasury segment achieved an EBITDA of 38%, the Banking segment 34% and Risk Management 51%.

Equity and cash flow analysis

Reclassified statement of financial position	30/06/2019	31/12/2018	Change
Assets deriving from contracts	208	128	80
Current receivables	8,280	4,680	3,600
Current tax assets	22	28	-6
Other current assets	712	501	211
(A) Current assets	**9,222**	**5,337**	**3,885**
Current payables	1,065	673	392
Liabilities deriving from contracts	407	299	108
Current tax liabilities	451	172	279
Other current liabilities	7,245	3,216	4,029
(B) Current liabilities	**9,168**	**4,360**	**4,808**
(A-B) Net working capital	**54**	**977**	**-923**
Property, plant and equipment	2,427	2,098	329
Intangible assets	57,487	58,301	-814
Financial assets	19	23	-4
Deferred tax assets	543	462	81
(C) Non-current assets	**60,476**	**60,884**	**-408**
Employee benefits	1,369	1,294	75
Long-term provisions	52	50	2
Deferred tax liabilities	2,495	2,587	-92
(D) Non-current liabilities	**3,916**	**3,931**	**-15**
(NWC+C-D) Net invested capital	**56,614**	**57,930**	**-1,316**
Share Capital	18,247	18,155	92
Reserves	7,654	5,901	1,753
Retained earnings (losses carried forward)	2,253	1,815	438
Profit (loss) for the year	2,049	5,265	-3,216
(SE) Total shareholders' equity	**30,203**	**31,136**	**-933**
Cash and cash equivalents	1,947	5,572	-3,625
Current financial assets	-	262	-262
Current financial liabilities	3,311	6,079	-2,768
Current lease liabilities	139	-	139
Non-current financial liabilities	24,718	26,549	-1,831
Non-current lease liabilities	190	-	190
(NFP) Net financial position	**26,411**	**26,794**	**-383**
(SE+NFP) Total sources	**56,614**	**57,930**	**-1,316**

The consolidated Net Financial Position as at 30 June 2019, including the put options on the minority shares of Juniper Payments, LLC and Myrios S.r.l. and the financial payables deriving from the first-time application of IFRS 16, was a negative EUR 26,411 thousand (negative EUR 26,794 thousand as at 31 December 2018), with a change of EUR -383 thousand mainly due to the positive cash flow generated during the period, despite the payment of dividends, of which EUR 2,688 thousand of Piteco S.p.A. alone.

The Net Financial Position as at 30 June 2019 broke down as follows:

- Cash and banks receivable of EUR 1,947 thousand: the Group's cash and cash equivalents are deposits in EUR and USD.
- Short-term financial payables (current financial liabilities) of EUR 3,311 thousand are comprised of the portion of bank borrowings falling due within the year (EUR 2,261 thousand), the estimated short-term outlay for the earn-out for the purchase of the equity investment in Myrios S.r.l. of EUR 731 thousand and uses of the current account credit facility of the subsidiary Piteco S.p.A. for EUR

319 thousand.

- Current lease financial liabilities amounting to EUR 139 thousand derive from the accounting of leases based on the new accounting standard, IFRS 16.
- Medium/long-term financial payables (non-current financial liabilities), equal to EUR 24,718 thousand, consisted of the medium/long-term portion of the bank loan for EUR 8,548 thousand, the convertible bond of EUR 4,551 thousand, the estimated payable for the put option granted to the minority shareholders on the residual 44% in the share capital of Myrios S.r.l. for EUR 9,339 thousand and the estimated payable for the put option granted to the minority shareholders on the residual 40% of the share capital of Juniper for EUR 2,280 thousand.
- Non-current lease financial liabilities amounting to EUR 190 thousand are composed of the medium/long-term payable deriving from the accounting of leases based on the new accounting standard, IFRS 16.

The consolidated Net Financial Position as at 30 June 2019, excluding the put options described above, was a negative EUR 14,792 thousand (negative EUR 15,282 thousand as at 31 December 2018), marking a positive change of EUR -490 thousand.

(NFP) Net financial position without put options	30/06/2019	31/12/2018	Change
Cash and cash equivalents	1,947	5,572	-3,625
Current financial assets	-	262	-262
Current financial liabilities	3,311	6,079	-2,768
Payables for current leases	139	-	139
Non-current financial liabilities	13,099	15,037	-1,938
Payables for non-current leases	190	-	190
(NFP) Net financial position	**14,792**	**15,282**	**-490**

Analysis by ratios

The main economic, equity and financial ratios necessary for understanding the Group's operations are shown below, calculated on the data from the financial statements as at 30 June 2019 and 30 June 2018.

Return On Equity	30/06/2019	30/06/2018
Profit (loss) pertaining to the Group	2,049	2,214
Shareholders' equity	30,203	28,499
ROE	**6.78%**	**7.77%**

Return On Investments	30/06/2019	30/06/2018
EBIT	2,938	2,520
Net invested capital	56,614	35,973
ROI	**5.19%**	**7.00%**

Return On Sales	30/06/2019	30/06/2018
EBIT	2,938	2,520
Revenues	10,587	8,831
ROS	**27.75%**	**28.54%**

Return On Capital Employed	30/06/2019	30/06/2018
EBIT	2,938	2,520
Total assets - Current liabilities	59,027	41,160
ROCE	**4.98%**	**6.12%**

Debt Equity	30/06/2019	30/06/2018
Net Financial Position	26,411	7,474
Total shareholders' equity	30,203	28,499
Debt Equity	**0.87**	**0.26**

EBITDA NFP	30/06/2019	30/06/2018
Net Financial Position	26,411	7,476
EBITDA	4,342	2,520
EBITDA NFP	**6.08**	**2.97**

Adjusted Debt Equity	30/06/2019	30/06/2018
Net financial position without put options	14,792	5,093
Total shareholders' equity	30,203	28,499
Debt Equity	**0.49**	**0.18**

Adjusted EBITDA NFP	30/06/2019	30/06/2018
Net financial position without put options	14,792	5,094
EBITDA	4,342	2,520
EBITDA NFP	**3.41**	**2.02**

STATEMENT OF RECONCILIATION BETWEEN THE DATA OF THE PARENT COMPANY AND THAT OF THE CONSOLIDATED COMPANIES

The table of reconciliation of the consolidated shareholders' equity and the consolidated profit (loss) with the related data of the Parent Company as at 30 June 2019 is shown below:

	Shareholders' Equity	Profit (loss)
Shareholders' equity and profit (loss) for the year as shown in the Parent Company's separate financial statements	34,264	2,969
Effect of consolidation of financial statements of subsidiaries	-4,061	-920

Shareholders' equity and profit (loss) as shown in the Consolidated Financial Statements of the Group	30,203	2,049

BUSINESS POLICY

During the first half of 2019, 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. These new solutions are targeted at adjusting our products to regulatory and procedural changes in the area of company treasury management, as well as integrating services provided by fintech into our solutions.

INVESTMENT POLICY

The investments made in the first half of 2019 are summarised below:

Description	Amounts
Investments in intangible assets and goodwill	361
Investments in property, plant and equipment	77
Investments in assets for rights-of-use	49
Total investments in fixed assets	**487**

RESEARCH AND DEVELOPMENT

Research and development is conducted for the purpose:

- of developing new products in the treasury, corporate finance and digital banking sectors;
- of improving the quality of products already offered;
- of reducing the cost of production of products;
- of consolidating know-how in the services offered.

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 subsidiary Juniper Payments, LLC, with the operations acquired from LendingTools, is in a good position to handle competition, boasting extensive experience in the sector.

Risk linked to demand/macroeconomic cycle

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 and managing this risk. In the first half of 2019, 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, a loan taken out in October 2018 for an additional EUR 7 million, expiring on 31 March 2025, and a convertible bond issued at the time of listing on the AIM market, maturing on 31 July 2020, with a nominal value of around EUR 5 million. As at 30 June 2019, the residual nominal amount of the loans was EUR 10,809 thousand.

As at 30 June 2019, the Group has cash and cash equivalents of EUR 1,947 thousand.

Group financial risk management objectives and policies

As mentioned, 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

With regard to the risk of potential losses deriving from breach of obligations undertaken by the various counterparties it operates with, the Group has set up suitable 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 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 understand 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 understand 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

There were no significant events occurred after the end of the six-month period.

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 ASSOCIATES, PARENT COMPANIES AND AFFILIATES

In the first half of 2019, 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 2019.

COMPANY NAME	RECEIVABLES	PAYABLES	REVENUES	COSTS
Dedagroup S.p.A. (parent company)	176	494	77	99
DEDAGROUP BUSINESS SOLUTION S.r.l. (affiliate)	84	0	69	0
MD S.p A (affiliate)	4	0	26	0
Total	**264**	**494**	**172**	**99**

The transactions of the Group with associates, parent companies and affiliates mainly refer to:

- commercial transactions, relating to purchases and sales of services in the Information Technology sector with affiliates and the parent company of 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., with regard to which the Group had a payable of EUR 279 thousand as at 30 June 2019.

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.

PERFORMANCE OF THE PITECO SHARE AND TREASURY SHARES

In the first half of 2019, the share of the parent company Piteco S.p.A. recorded an official maximum price of EUR 5.45 on 16 May 2019 and a low of EUR 3.92 on 2 January 2019. As at 30 June 2019, the share was listed at EUR 5.05.

During the first half of 2019, the Parent Company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 30 April 2019. As at 30 June 2019 the Group held 215,139 treasury shares, equal to 1.179% of the share capital, for a total value of EUR 1,041 thousand (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 2019, there were a total of 122 employees, compared to 114 at 31 December 2018, marking a total increase of eight employees, of which 2 relating to the new Swiss subsidiary.

Personnel	30/06/2019	31/12/2018	Average for the period
Executives	10	7	9
Middle Managers	32	27	30
Office Workers	58	60	59
Others (USA, Switzerland)	22	20	21
Total	**122**	**114**	**118**

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 envisaged by Italian Legislative Decree 231/2001, and simultaneously set up the Supervisory Body and appointed its members Miriam Giorgioni, as Chairman, Renato Toscana as external member and Raffaella Giordano as internal member.

OTHER INFORMATION

Pursuant to Art. 2428 of the Italian Civil Code, it is specified that new branches have not been established.

It is also noted, moreover, that the Group does not fall within the scope of application of Italian Legislative Decree no. 254 of 30 December 2016.

Piteco
FINANCIAL SOFTWARE & CONSULTING

Consolidated financial statements as at 30 June 2019

STATEMENT OF FINANCIAL POSITION

(values in thousands of Euro)

Assets	Notes	30/06/2019	Of which related parties	31/12/2018*	Of which related parties	Change
Non-current assets						
Land and buildings	1	1,794		1,819		-25
Plant and machinery	1	3		5		-2
Other assets	1	290		274		16
Total Property, plant and machinery	**1**	**2,087**		**2,098**		**-11**
Buildings - rights-of-use	2	62		-		62
Other assets - rights-of-use	2	278		-		278
Total assets for rights-of-use	**2**	**340**		-		**340**
Goodwill	**3**	**41,426**		**41,426**		
Concessions, licences and trademarks	4	11,760		12,650		-890
Other intangible assets	4	3,913		4,068		-155
Intangible assets under construction	4	388		157		231
Total Other intangible assets	**4**	**16,061**		**16,875**		**-814**
Deferred tax assets	**5**	**543**		**462**		**81**
Other non-current assets	6	19		23		-4
Total Other non-current financial receivables	**6**	**19**		**23**		**-4**
Total Non-current assets		**60,476**		**60,884**		**-408**
Current assets						
Assets deriving from contracts	7	208		128		80
Total Assets deriving from contracts	**7**	**208**		**128**		**80**
Current receivables						
Trade receivables	8	8,016		4,533		3,483
Receivables due from parent companies, affiliates and associates	8	264	264	147	146	117
Total Current receivables	**8**	**8,280**		**4,680**		**3,600**
Other short-term receivables	**9**	**712**		**501**		**211**
Current tax assets	**10**	**22**		**28**		**-6**
Other current loans	11			262		-262
Total Other short-term financial receivables	**11**			**262**		**-262**
Cash and cash equivalents	**12**	**1,947**		**5,572**		**-3,625**
Total Current assets		**11,169**		**11,171**		**-2**
Total Assets		**71,645**		**72,055**		**-410**

** The Group adopted IFRS 16 on 1 January 2019 by using the modified retroactive method based on which the comparative information was not re-stated. See chapter IV for more information.*

The explanatory notes reported below are an integral part of these condensed interim consolidated financial statements.

Shareholders' equity and liabilities	Notes	30/06/2019	Of which related parties	31/12/2018*	Of which related parties	Change
Shareholders' equity						
Share Capital	13	18,247		18,155		92
Share premium reserve	13	5,926		5,924		2
Negative reserve for treasury shares on hand	13	-1,041		-933		-108
Other reserves	13	2,769		910		1,859
Of which effect of conversion of Shareholders' Equity	13	*-564*		*-557*		*-7*
Retained earnings (Losses carried forward)	13	2,253		1,815		438
Profit (loss) for the year	13	2,049		5,265		-3,216
Group shareholders' equity	**13**	**30,203**		**31,136**		**-933**
Non-current liabilities						
Long-term bank borrowings	14	8,548		9,685		-1,137
Non-current lease liabilities	14	190		-		190
Other non-current loans	14	4,551		5,352		-801
Total Non-current financial liabilities	**14**	**13,289**		**15,037**		**-1,748**
Long-term derivative financial instruments	**15**	**11,619**		**11,512**		**107**
Deferred tax liabilities	**16**	**2,495**		**2,587**		**-92**
Employee benefits	**17**	**1,369**		**1,294**		**75**
Long-term provisions	**18**	**52**		**50**		**2**
Total Non-current liabilities		**28,824**		**30,480**		**-1,656**
Current liabilities						
Trade payables	19	850		656		194
Payables due to parent companies, affiliates and associates	19	215	215	17	17	198
Total Current payables	**19**	**1,065**		**673**		**392**
Liabilities deriving from contracts	**20**	**407**		**299**		**108**
Other current payables	**21**	**7,245**	**0**	**3,216**	**0**	**4,029**
Current tax liabilities	**22**	**451**	**279**	**172**	**138**	**279**
Current bank borrowings	23	2,580		1,960		620
Current lease liabilities	23	139		-		139
Other current loans and financial payables	23	731		4,119		-3,388
Total Current financial liabilities	**23**	**3,450**		**6,079**		**-2,629**
Total Current liabilities		**12,618**		**10,439**		**2,179**
Total Shareholders' equity and liabilities		**71,645**		**72,055**		**-410**

** The Group adopted IFRS 16 on 1 January 2019 by using the modified retroactive method based on which the comparative information was not re-stated. See chapter IV for more information.*

The explanatory notes reported below are an integral part of these condensed interim consolidated financial statements.

INCOME STATEMENT

(values in thousands of Euro)

Income Statement	Notes	30/06/2019	Of which related parties	30/06/2018*	Of which related parties	Change
Revenues	**24**	**10,587**	**172**	**8,831**	**104**	**1,756**
Other operating revenues	**25**	**433**		**200**		**233**
Changes in assets deriving from contracts	26	80		6		74
Change in assets deriving from contracts	**26**	**80**		**6**		**74**
Operating revenues		**11,100**		**9,037**		**2,063**
Goods and consumables	27	150	41	161	56	-11
Goods and consumables	**27**	**150**		**161**	**56**	**-11**
Personnel costs	**28**	**4,564**		**3,920**		**644**
Costs for services	29	1,943	40	1,520	20	423
Leases and rentals	29	165	18	221	18	-56
Costs for services and leases and rentals	**29**	**2,108**	**58**	**1,741**	**38**	**367**
Other operating costs	**30**	**107**		**32**		**75**
Operating costs		**6,929**		**5,854**		**1,075**
EBITDA		**4,171**		**3,183**		**988**
Depreciation of property, plant and equipment	31	93		67		26
Amortisation of assets for rights-of-use	31	69		-		69
Amortisation of intangible assets	31	1,214		717		497
Amortisation and depreciation	**31**	**1,376**		**784**		**592**
EBIT		**2,795**		**2,399**		**396**
Gains (losses) from transactions in foreign currency	**32**	**45**		**255**		**-210**
Other financial revenues	33	16		129		-113
Financial revenues	**33**	**16**		**129**		**-113**
Financial charges	**34**	**587**		**261**		**326**
Financial income and charges		**-571**		**-132**		**-439**
Profit before tax		**2,269**		**2,522**		**-253**
Income taxes	**35**	**220**		**308**		**-88**
Profit (loss) for the year		**2,049**		**2,214**		**-165**

** The Group adopted IFRS 16 on 1 January 2019 by using the modified retroactive method based on which the comparative information was not re-stated. See chapter IV for more information.*

The explanatory notes reported below are an integral part of these condensed interim consolidated financial statements.

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OTHER COMPONENTS OF COMPREHENSIVE INCOME

(values in thousands of Euro)

Other components of comprehensive income	Notes	30/06/2019	30/06/2018	Change
Profit (loss) pertaining to the Group		**2,049**	**2,214**	**-165**
Other comprehensive income (loss) that will not be subsequently reclassified under profit (loss)				
Actuarial gains/losses on employee benefits		-56	18	-74
Taxes on actuarial gains/losses on employee benefits		13	-4	17
Other comprehensive income (loss) that will be subsequently reclassified under profit (loss)				
Net gains (losses) no conversion of foreign subsidiaries		-7	-41	34
Total comprehensive income (loss)		**1,999**	**2,187**	**-188**

BASE EARNINGS PER SHARE

Description	30/06/2019	30/06/2018
Net profit attributable to shareholders	**2,049**	**2,214**
Number of outstanding ordinary shares at the beginning of the year	17,984,000	18,111,500
- reduction of share capital	66,639	127,500
- increase in share capital	22,000	0
Number of outstanding ordinary shares at the end of the year	17,939,361	17,984,000
Weighted average number of outstanding shares	17,938,512	18,080,083
Base earnings per share in EUR	**0.1142**	**0.1225**
Diluted earnings per share in EUR	**0.1307**	**0.1246**

The explanatory notes reported below are an integral part of these condensed interim consolidated financial statements.

STATEMENT OF CASH FLOWS

(values in thousands of Euro)

Statement of cash flows	30/06/2019	30/06/2018
Operating activity		
Profit (loss) for the year	**2,049**	**2,214**
Adjustments for:		
Share of profit and loss of associates		
Financial charges (income)	570	132
Current income taxes	379	302
Deferred tax liabilities (assets)	-159	6
Amortisation and depreciation	1,377	784
Increase in fixed assets for internal projects	-231	-30
Cash flows from operating activity before changes in working capital	**3,984**	**3,408**
(Increases)/decreases in assets deriving from contracts	-80	-6
(Increases)/decreases in trade receivables and other receivables	-3,822	-1,475
Increases/(decreases) in trade payables and other liabilities	4,423	3,588
Increases/(decreases) in provisions for risks and charges	2	3
Increases/(decreases) in post-employment benefits	33	2
Increases/(decreases) in tax liabilities (assets)	-14	-1
Increases/(decreases) in tax payables (receivables)	-5	-13
Financial income collected	16	
Financial charges paid	-482	-67
Taxes paid	-88	
Net cash and cash equivalents deriving from operating activity	**3,967**	**5,439**
Investment activity		
(Increases) in fixed assets:		
- Property, plant and equipment	-78	-44
- Intangible assets	-130	-16
Other changes in fixed assets:		
- Financial assets	266	9
Net cash and cash equivalents used in investment activity	**58**	**-51**
Financial assets		
Increases/(decreases) in derivative instruments	107	-46
Increases/(decreases) in financial payables	-4,932	-504
of which:		
- Repayments	-4,932	
Repayments of lease payables	-66	
Other changes	-228	
Dividends distributed	-2,688	-2,876
Purchase/sale of treasury shares	-108	-685
Exchange rate conversion differences	-54	-285
Net cash and cash equivalents used in funding activity	**-7,968**	**-4,396**
Increases/(decreases) in cash and cash equivalents	**-3,943**	**992**
Cash and cash equivalents at the beginning of the period	**5,572**	**5,153**
Cash and cash equivalents at the end of the period	**1,629**	**6,145**

The explanatory notes reported below are an integral part of these condensed interim consolidated financial statements.

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CHANGES IN SHAREHOLDERS' EQUITY

	CAPITAL PAID-IN	SHARE PREMIUM RESERVE	NEGATIVE RESERVE FOR TREASURY SHARES	OTHER RESERVES	RETAINED EARNINGS (LOSSES CARRIED FORWARD)	PROFIT (LOSS) FOR THE YEAR	TOTAL SHAREHOLDERS' EQUITY
VALUE AS AT 31 DECEMBER 2017	**18,155**	**5,924**	**-62**	**71**	**2,443**	**3,385**	**29,915**
Profit for 2018						5,265	5,265
Actuarial gains (losses) of defined benefit plans net of taxes				27			27
Conversion differences				-242			-242
TOTAL STATEMENT OF COMPREHENSIVE INCOME				**-215**		**5,265**	**5,050**
Allocation of 2017 profits				3,756	-371	-3,385	
Purchase of treasury shares			-871				-871
Purchase of own bonds		1		-4			-3
Distribution of dividends pertaining to third parties				-2,698			-2,698
Other changes					-257		-257
VALUE AS AT 31 DECEMBER 2018	**18,155**	**5,924**	**-933**	**910**	**1,815**	**5,265**	**31,137**
Net profit as at 30 June 2019						2,049	2,049
Actuarial gains (losses) of defined benefit plans net of taxes				-42			-42
Conversion differences				-8			-8
TOTAL STATEMENT OF COMPREHENSIVE INCOME				**-50**		**2,049**	**1,998**
Allocation of 2018 profits				4,598	667	-5,265	
Conversion of bonds	92						92
Purchase of treasury shares			-108				-108
Purchase of own bonds		2		-1			0
Distribution of dividends pertaining to third parties				-2,688			-2,688
Other changes					-228		-228
VALUE AS AT 30 JUNE 2019	**18,247**	**5,926**	**-1,041**	**2,769**	**2,254**	**2,049**	**30,205**

The explanatory notes reported below are an integral part of these condensed interim consolidated financial statements.

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Explanatory notes to the condensed consolidated financial statements of the half-year ended as at 30 June 2019

I. GENERAL INFORMATION

The parent company Piteco S.p.A. (hereinafter, also the "Parent Company" or "Piteco") is a joint-stock company incorporated in Italy, with registered office in Via Mercalli 16, 20122 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 MTA (Electronic Equity Market) of Borsa Italiana since 25 September 2018 (on the AIM market up to that date). The company is recorded in the Milan Register of Companies with Economic and Administrative Repertoire no. 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 consolidated financial statements for the half-year ended as at 30 June 2019 including the financial statements of the parent company and its subsidiaries (hereinafter, also the "Piteco Group" or the "Group").

The publication of these condensed interim consolidated financial statements as at 30 June 2019, subject to a limited audit, was authorised by resolution of the Company's Board of Directors of 27 September 2019.

These interim consolidated financial statements are expressed in Euro, the functional currency of the Parent Company. Where not otherwise indicated, all the amounts expressed in Euro are rounded up to the thousands.

These condensed interim consolidated financial statements have been audited by the Independent Auditors KPMG S.p.A..

II. PREPARATION CRITERIA AND COMPLIANCE WITH IAS/IFRS

General principles

These interim condensed consolidated financial statements are drafted in compliance with IAS 34 "Financial reporting" and must be read together with the latest set of annual consolidated financial statements of the Group for the year ended as at 31 December 2018 ("the latest set of financial statements").

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 2019 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 16 "Leases". The significant changes in accounting standards for the Group and their effects are described in Chapter IV of this report.

These condensed interim consolidated financial statements include the statement of financial position, based on which the assets and liabilities are classified separately into current and non-current, the income statement and the statement of comprehensive income, the statement of cash flows, according to the indirect method, the statement of changes in shareholders' equity, and these explanatory notes.

Use of estimates and measurements

In drawing up the condensed interim consolidated financial statements, the company management had to formulate measurements and estimates that influence the application of the accounting standards and the amounts of assets, liabilities, costs and revenues recognised in the financial statements. However, it should be noted that, given they are estimates, the results obtained will not necessarily be the same as those presented in these financial statements.

The relevant subject measurements of the company management in applying the Group accounting principles and the main sources of uncertainty of estimates were the same as those carried out to prepare the consolidated financial statements for the year ended as at 31 December 2018, with the exception of the new ones relating to the application of IFRS 16, described in chapter IV.

III. SCOPE OF CONSOLIDATION

Scope of consolidation

The complete list of equity investments included in the scope of consolidation as at 30 June 2019, which changed as compared to the previous year due to the incorporation of the company of Myrios Switzerland SA, with an indication of the consolidation method, is shown in the table below.

Company Name	Registered Office	Share Capital	currency	% Ownership	held by	Type of consolidation
Piteco North America, Corp. ("Piteco NA")	USA	10	USD	100%	Piteco S.p.A.	Line-by-line
Juniper Payments, LLC ("Juniper")	USA	3,000	USD	60%[4]	Piteco North America, Corp.	Line-by-line
Myrios S.r.l. ("Myrios")	Italy	50	EUR	56%[5]	Piteco S.p.A.	Line-by-line
Myrios Switzerland SA ("Myrios Ch")	Switzerland	100	CHF	100%	Myrios S.r.l.	Line-by-line

[4] Piteco North America, Corp. holds 550,000 Class A shares and 50,000 Class B shares (out of 1,000,000 shares issued, of which 450,000 Class B), equal to 60% 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 subsidiary. For the purposes of these financial statements, the additional Put Option reserved for minority shareholders of 40% of the share capital was recorded.

[5] Piteco S.p.A. holds a stake of EUR 28,000 in nominal value, equal to 56% of the share capital of EUR 50,000 acquired on 15 October 2018. For the purposes of these financial statements, the Put Option reserved for minority shareholders of 44% of the share capital was recorded.

Conversion of financial statements expressed in foreign currency

The exchange rates used to translate the local currencies to Euro are shown below:

Currency	Exchange rate as at 30 June 2019 (*)	Average exchange rate as at 30 June 2019 (*)	Exchange rate as at 31 December 2018 (*)	Average exchange rate as at 30 June 2018 (*)
USD - US dollar	1.1380	1.1298	1.1450	1.2104
CHF - Swiss Franc	1.1105	1.1280		

(*) Source: Bank of Italy

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

With the exception of that illustrated below, these condensed interim consolidated financial statements have been prepared using the same accounting standards applied by the Group to the latest set of annual financial statements.

The changes of accounting standards will also impact the Group consolidated financial statements for the year ending as at 31 December 2019.

CHANGES IN ACCOUNTING STANDARDS

The Group adopted IFRS 16 “Leases” from 1 January 2019. The other new standards that entered into force from 1 January 2019 did not have significant effects on the Group’s condensed interim consolidated financial statements.

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

Amendment to IFRS 9 Financial Instruments: "Prepayment Features with Negative Compensation"

In October 2017, the IASB published the amendments to IFRS 9Prepayment Features with Negative Compensation. The amendment proposes that the amortised cost method or fair value through other comprehensive income method can be applied to financial instruments with advance payment which could give rise to negative compensation, depending on the business model adopted.

IFRS 16 “Leases”

The standard, issued by the IASB in January 2016 and endorsed by the European Commission in October 2017, replaces IAS 17, proposing substantial changes to the accounting treatment of leases in the lessee’s financial statements, which must recognise contract assets and contract liabilities to the balance sheet, with no distinction between operating and finance leases. The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease agreements from service contracts, identifying the following as discriminating factors: identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits deriving from use of the asset and the right to direct the use of the asset underlying the contract. All contracts that fall under the definition of a lease, with the exception of contracts involving assets of low unit value and leases with a term of equal to or less than 12 months, must be recognised in the balance sheet as a "right of use" asset with a corresponding contra-entry under financial payables. By contrast, the standard does not include significant changes for lessors.

The full retrospective method (with the re-statement of the comparative information) or the modified retrospective method (with cumulative effect of the adoption of IFRS 16 booked as an adjustment of the opening balance of retained earnings on 1 January 2019 without re-stating the comparative information) can be used on first-time application.

The Group adopted IFRS 16 on 1 January 2019 by using the modified retroactive method based on which the cumulative effect of the initial application is recognised under retained earnings as at 1 January 2019. Therefore, the information relating to 2018 was not re-stated, i.e. presented according to IAS 17 and the associated interpretations.

It should be noted that the Group recognised, in the statement of financial position, right of use assets and lease liabilities, with the exception of contracts that can be defined as short-term (less than 12 months) or low value leases (less than EUR 5 thousand), for which the Group availed itself of the right not to apply the recognition and measurement provisions of IFRS 16.

Bear in mind that the effects of the adoption of IFRS 16 may be subject to changes until the presentation of the first set of consolidated financial statements of the Group in the year that includes the date of first-time application, also based on the subsequent emergence of guidelines on some cases more open to interpretations of the regulation.

At the date of initial application, in the case of leases classified as operating leases according to IAS 17, lease liabilities have been determined at the present value of residual payments due on the lease, discounted using the marginal financing rate of the Group as at 1 January 2019.

Right of use assets are measured at an amount equal to the lease liabilities, adjusted for the amount of any advanced or accumulated payments due on the lease and amortised on a straight-line basis, based on the shorter period of the useful life and the actual duration of the lease. Contracts that fall under the scope of application of the standard essentially concern rental agreements for buildings and vehicles provided to personnel of the Group companies.

The effects of the application of IFRS 16 booked to the statement of financial position and the income statement, subdivided by asset category are shown below:

Values in thousands of EUR	**Land and buildings**	**Automobiles**	**Lease liabilities**
At 1 January 2019			
Historical cost	77	296	346
Provision for amortisation, depreciation and write-downs			
Maxi canone (initial larger lease instalment)		14	
Net value	**77**	**283**	**346**
1st half 2019			
Net opening value	**77**	**283**	**346**
Increases		49	49

Amortisation and depreciation	-15	-54	
Interest payable			3
Reimbursement of fees			-66
Net closing value	**62**	**277**	**329**
As at 30 June 2019			
Historical cost	77	332	
Provision for amortisation, depreciation and write-downs	-15	-54	
Net value	**62**	**277**	

IFRIC 23 - Uncertainty over income tax treatments

In June 2017, the IASB published the interpretation IFRIC 23 - Uncertainty over income tax treatments

The interpretation clarifies the application of the recognition and measurement requirements established in IAS 12 Income taxes when there is uncertainty over tax treatments.

Amendment to IAS 28 Investments in associates: Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9 applies to long-term receivables due from an associate or venture that, in substance, are part of the net investment in the associate or joint venture. The amendment also requires IFRS 9 to be applied to said receivables before the application of IAS 28, so that the entity does not take account of any adjustments to long-term interests deriving from the application of the aforementioned IAS.

Amendment to IAS 19 - Plan Amendment, Curtailment or Settlement

The amendment, published in February 2018, clarifies how current service cost and net interest is calculated when an amendment to the defined benefit plan is verified.

Improvements to IFRS: Cycle 2015-2017

In December 2017, the IASB published the document “Improvements to IFRS: Cycle 2015-2017"; the main changes concern:

- IFRS 3 - Business Combination and IFRS 11 - Joint Arrangements - The amendments to IFRS 3 clarify that when an entity obtains control of a joint operation, it must remeasure the fair value of the interest it held previously in this joint operation. The amendments to IFRS 11 clarify that when an entity obtains joint control of a joint operation, the entity does not remeasure the fair value of the interest it held previously in this joint operation.
- IAS 12 - Income tax consequences of payments on financial instruments classified as equity - The proposed amendments clarify how the entity must recognise any tax consequences from the distribution of dividends.
- IAS 23 - Borrowing costs eligible for capitalisation - The amendments clarify that, in the event in which loans stipulated specifically for the acquisition and/or construction of an asset also remain in place

after said asset is ready for use or sale, these loans cease to be considered specific and, therefore, are included in the entity's general loans for the purposes of determining the rate of capitalisation of the loans.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EU AND APPLICABLE FOR YEARS STARTING ON 1 JANUARY 2019

IFRS 17 Insurance Contracts

IN May 2017, the IASB published IFRS 17 Insurance Contracts which replaces IFRS 4, issued in 2004. The standard aims to improve investors' understanding of exposure to risk, profitability and the financial position of insurers, requiring all insurance contracts to be accounted for in a consistent manner, in order to overcome the comparison problems created by IFRS 4.

The standard enters into force on 1 January 2021, but early application is permitted.

The amendment to IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture"

The document was published in September 2014 in order to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a share in the latter's capital. The IASB has currently suspended the application of this amendment.

Amendment to the references in the IFRS to the "Conceptual Framework for Financial Reporting"

In October 2018, the IASB published the revised version of the "Conceptual Framework for Financial Reporting". The main amendments with respect to the 2010 version concern:

- A new chapter on measurement;
- Better definitions and guidance, in particular with reference to the definition of liability;
- Clarifications of important concepts, such as stewardship, prudence and measurement uncertainty.

The amendment updates some references in the IFRS to the previous "Conceptual Framework in IFRS Standards", the accompanying documents and the "IFRS Practice Statements". The amendments apply from financial years beginning on 1 January 2020. Early application is permitted.

Amendment to IFRS 3 - Definition of business

The amendment, published in October 2018, aims to help determine whether a transaction is an acquisition of a business or a group of assets that does not satisfy the definition of business of IFRS 3. The amendments will apply to acquisitions after 1 January 2020. However, early application is permitted.

Amendment to IAS 1 and to IAS 8 - Definition of material

The amendment, published in October 2018, aims to clarify the definition of "material", in order to help companies assess whether information should be included in the financial statements. The amendments will apply from 1 January 2020. However, early application is permitted.

V. FAIR VALUE MEASUREMENT

Various accounting standards and several disclosure obligations require that the Group measures the fair value of financial and non-financial assets and liabilities. In measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. The fair values are divided into the various levels of the hierarchy based on the inputs used in the measurement techniques:

- Level 1: prices listed (*unadjusted*) on active markets for identical assets or liabilities;
- Level 2: inputs other than the listed prices included in "Level 1" which can be directly (*prices*) or indirectly (*price derivatives*) observed for the asset or liability;
- Level 3: inputs relating to the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability can be classified in the various levels of the fair value hierarchy, the entire measurement is included in the same level of the hierarchy of the lowest level input that is significant for the entire measurement.

The table below shows the assets and liabilities measured at fair value as at 30 June 2019, by level of the fair value measurement hierarchy.

Description	Level 1	Level 2	Level 3
Other financial liabilities (PUT option/Earn-out)	-	-	12,350
Total liabilities	**-**	**-**	**12,350**

For additional information, we refer to following notes 15 and 23 of this report.

VI. 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 (Corporate Treasury)
- Digital Payments and Clearing House ("Banking")
- IT solutions for Risk Management ("Risk Mng")

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

Income Statement	30/06/2019				30/06/2018			
	Total	Corporate Treasury	Banking	Risk Mng	Total	Corporate Treasury	Banking	Risk Mng
Revenues	10,587	7,003	2,228	1,356	8,831	6,655	2,176	-
Other operating revenues	433	374	31	28	200	170	30	-
Change in assets deriving from contracts	80	18	-	62	6	6	-	-
Operating revenues	**11,100**	**7,395**	**2,259**	**1,446**	**9,037**	**6,831**	**2,206**	**-**
Goods and consumables	150	140	1	9	161	154	7	-
Personnel costs	4,564	3,310	726	528	3,920	3,122	798	-
Costs for services and leases and rentals	2,108	1,152	753	203	1,741	1,241	500	-
Other operating costs	107	46	8	53	32	29	3	-
Operating costs	**6,929**	**4,648**	**1,488**	**793**	**5,854**	**4,546**	**1,308**	**-**
EBITDA	**4,171**	**2,747**	**771**	**653**	**3,183**	**2,285**	**898**	**-**

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

Statement of financial position	30/06/2019				31/12/2018			
	Total	Corporate Treasury	Banking	Risk Mng	Total	Corporate Treasury	Banking	Risk Mng
Non-current assets	60,476	38,843	8,474	13,159	60,884	38,905	8,843	13,136
Current assets	11,169	7,095	1,891	2,183	11,171	6,700	2,716	1,755
Total assets	**71,645**	**45,938**	**10,365**	**15,342**	**72,055**	**45,605**	**11,559**	**14,891**
Non-current liabilities	28,824	26,332	2,282	210	30,480	28,052	2,276	152
Current liabilities	12,618	10,864	143	1,611	10,439	8,352	1,419	668
Total liabilities	**41,442**	**37,196**	**2,425**	**1,821**	**40,919**	**36,404**	**3,695**	**820**

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

1 Property, plant and machinery

The changes in the items of Property, plant and machinery as at 30 June 2019 are shown below:

Property, plant and machinery	Opening balance	Increases	Exchange rate effect	Other changes	Closing balance
Land	320		1		321
Buildings	2,005		3		2,008

Accum. depreciation - buildings	-506	-29			-535
Land and buildings	**1,819**	**-29**	**4**		**1,794**
Plant and machinery	152				152
Accum. depreciation - plant and machinery	-147	-1		-1	-149
Plant and machinery	**5**	**-1**		**-1**	**3**
Ind. and commercial equipment	6				6
Accum. depreciation - ind. and commercial equipment	-6				-6
Vehicles	50				50
Accum. depreciation - vehicles	-30	-4			-34
Furniture and furnishings	281	2	1		284
Accum. depreciation - furniture and furnishings	-193	-15			-208
Electronic machines	178	11			189
Accum. depreciation - electronic machines	-129	-9		-1	-139
Other property, plant and equipment	251	64	1	1	317
Accum. depreciation - other property, plant and equipment	-134	-34	-1		-169
Other assets	**274**	**15**	**1**		**290**
Total	**2,098**	**-15**	**5**	**-1**	**2,087**

Land and buildings

These amounted to EUR 1,794 thousand (EUR 1,819 thousand as at 31 December 2018) and refer to the property in Via Mercalli 16, Milan, the registered office and operational headquarters of the Parent Company and the property in Wichita, Kansas, operational headquarters of the US subsidiary Juniper Payments, LLC. The value of the land on which the buildings stand has been separated out and recorded separately.

Plant and machinery

These amounted to EUR 3 thousand (EUR 5 thousand as at 31 December 2018) and mainly refers to accessory plants at the Parent Company headquarters.

Other assets

These amounted to EUR 290 thousand (EUR 274 thousand as at 31 December 2018) and referred mainly to furniture and furnishings, electronic office machines and other assets. The increase of EUR 77 thousand comprises EUR 10 thousand in purchases in the first half by Piteco for hardware upgrades, EUR 3 thousand in purchases made by the subsidiary Myrios S.r.l. and EUR 64 thousand in purchases made by the subsidiary Juniper.

2 Assets for rights-of-use

From 1 January 2019, the Group applied IFRS 16; please refer to chapter IV of these notes for the table with the changes occurred in the period.

3 Goodwill

The changes in Goodwill as at 30 June 2019 are shown below:

Goodwill	Opening balance	Increases	Decreases	Closing balance
Goodwill	41,426	-	-	41,426
Total	**41,426**	**-**	**-**	**41,426**

Goodwill, amounting to EUR 41,426 thousand as at 30 June 2019 (unchanged with respect to 31 December 2018) 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 attributed to the value posted to goodwill following the acquisition of the "Centro Data" business unit in 2015;
- EUR 1,180 thousand attributed to the value posted to goodwill following the acquisition of the "LendingTools" business unit by Juniper in April 2017;
- EUR 12,554 thousand attributed to the value posted to goodwill following the acquisition of Myrios S.r.l. in October 2018.

As at 30 June 2019, taking into account the outcome of the impairment tests carried out for the financial statements as at 31 December 2018, 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 positive development over the period of the external indicators and internal 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.

4 Other intangible assets

The changes in other intangible assets are shown below:

Other intangible assets	Opening balance	Increases	Decreases	Exchange rate effect	Other changes	Closing balance
Concessions, licences and trademarks	18					18
Accum. amortisation - concessions, licences and trademarks	-9	-1				-10
Software	24,105	130		54		24,289
Accum. amortisation - software	-11,464	-1,064		-9		-12,537
Concessions, licences and trademarks	**12,650**	**-935**		**45**		**11,760**
Other intangible assets	4,159			1	-1	4,159
Accum. amortisation - other intangible assets	-91	-154			-1	-246
Other intangible assets	**4,068**	**-154**		**1**	**-2**	**3,913**
Intangible assets under construction	**157**	**231**		**1**	**-1**	**388**
Total	**16,875**	**-858**		**47**	**-3**	**16,061**

Concessions, licences and trademarks

The net balance amounted to EUR 11,760 thousand (EUR 12,650 thousand as at 31 December 2018) and is comprised of EUR 11,752 thousand for software rights and EUR 8 thousand for the PITECO™ trademark and the costs incurred to register the Match.it™ trademark. The item software includes the right relating to the proprietary software Piteco and the proprietary software Match.it, the technology platform of Juniper and the proprietary software Myrios, in addition to rights to use third party software. In particular, the increases in the item software concern, for EUR 115 thousand, the purchases made in the half by the subsidiary Juniper, for EUR 10 thousand the purchases made by the parent company and for EUR 5 thousand the acquisitions made by the subsidiary Myrios S.r.l..

Other intangible assets

Other intangible assets, equal to EUR 3,913 thousand (EUR 4,068 thousand as at 31 December 2018), comprise EUR 3,865 thousand (net of accumulated amortisation) for the amount assigned on purchase price allocation to the customer list of the acquired company Myrios S.r.l. and EUR 48 thousand to the five-year non-competition agreement entered into in 2017 as part of the closing for the acquisition of the LendingTools.com business unit by Juniper. The non-competition agreement is amortised over the term of the agreement.

Fixed assets under construction

Fixed assets under construction, equal to EUR 388 thousand (157 thousand as at 31 December 2018), mainly represent capitalised costs incurred in the development of software by Juniper and Piteco S.p.A.. The projects are expected to be completed by the end of 2019.

5 Deferred tax assets

Deferred tax assets of EUR 543 thousand (EUR 462 thousand as at 31 December 2018) 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 hereinafter in these explanatory notes to the financial statements for further details.

6 Other non-current financial receivables

The item in question breaks down as follows:

Other non-current financial receivables	30/06/2019	31/12/2018	Change	From 1 to 5 years
Receivables for tax assets and due from employees	-	4	-4	
Security deposits	19	19	-	19
Total	**19**	**23**	**-4**	**19**

7 Assets deriving from contracts

The item in question breaks down as follows:

Assets deriving from contracts	30/06/2019	31/12/2018	Change
Assets deriving from contracts	208	128	80
Total	**208**	**128**	**80**

The assets deriving from contracts 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. They are measured based on the agreed considerations, based on the progress of the forecast number of hours necessary to complete the order.

8 Current receivables

The item in question breaks down as follows:

Current receivables	30/06/2019	31/12/2018	Change
Current receivables from customers	8,223	4,712	3,511
Bad debt provision - receivables due from customers	-207	-179	-28
Trade receivables	**8,016**	**4,533**	**3,483**
Current receivables due from parent company	176	79	97
Current receivables due from related parties	88	68	20
Receivables due from parent companies, affiliates and associates	**264**	**147**	**117**
Total	**8,280**	**4,680**	**3,600**

Receivables from customers, amounting to EUR 8,016 thousand (EUR 4,533 thousand as at 31 December 2018), are shown at their fair value, net of the corresponding bad debt provisions which, as at 30 June 2019, amounted to EUR 207 thousand.

Current receivables from parent companies, affiliates and associates are composed of receivables from the parent company Dedagroup S.p.A. and receivables from affiliates that are part of the Dedagroup Group.

During the year the following changes occurred in the bad debt provision:

Description	**Opening balance**	**Uses**	**Allocations**	**Closing balance**
Bad debt provision - current receivables due from customers	179	-	28	207

9 Other short-term receivables

The item in question breaks down as follows:

Other short-term receivables	30/06/2019	31/12/2018	Change
Tax receivables	103	105	-2
Receivables due from social security institutions	8	-	8
Prepayments	457	283	174
Other trade receivables	120	90	30
VAT credits	2	-	2
Receivables from employees	16	21	-5
Accounts to suppliers	6	2	4
Total	**712**	**501**	**211**

Other trade receivables are comprised of accounts to suppliers.

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Tax receivables are represented by the receivables for withholdings made by the parent company for EUR 9 thousand and tax credits for research and development of the subsidiary Myrios S.r.l. for EUR 94 thousand.

10 Current tax assets

The item in question breaks down as follows:

Current tax assets	30/06/2019	31/12/2018	Change
Other current tax assets	22	28	-6
Total	**22**	**28**	**-6**

Current tax assets of EUR 22 thousand (EUR 28 thousand as at 31 December 2018) relate to the subsidiary Juniper Payments, LLC.

11 Other short-term financial receivables

The item in question breaks down as follows:

Other short-term financial receivables	30/06/2019	31/12/2018	Change
Other current loans	-	262	-262
Total	**-**	**262**	**-262**

12 Cash and cash equivalents

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

Cash and cash equivalents	30/06/2019	31/12/2018	Change
Bank deposits	1,947	5,571	-3,624
Cash	-	1	-1
Total	**1,947**	**5,572**	**-3,625**

13 Shareholders' equity

As at 30 June 2019, the share capital was fully subscribed and paid in, composed of 18,154,500 shares with no 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 122 thousand from the conversion of 29 bonds into 29,000 new shares. In the first half of 2019, the share capital increase of EUR 92 thousand was due to the conversion of 22 bonds into 22,000 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.

Shareholders’ equity	30/06/2019	31/12/2018	Change
Capital paid-in	18,247	18,155	92
Share Capital	**18,247**	**18,155**	**92**
Share premium reserve	**5,926**	**5,924**	**2**
Negative reserve for treasury shares on hand	**-1,041**	**-933**	**-108**
Legal reserve	854	624	230
Extraordinary reserve	5,521	4,216	1,305
IAS reserve	-59	-59	-
Undistributable reserve pursuant to art. 2426 of the Italian Civil Code	375	-	375
Listing reserve	-963	-963	-
Convertible bond issue reserve	93	95	-2
Reserve for put option on NCI	-2,427	-2,427	-
Remeasurement of defined-benefit plans (IAS 19)	-61	-19	-42
Effect of conversion of Shareholders’ Equity	-564	-557	-7
Other reserves	**2,769**	**910**	**1,859**
Retained earnings (Losses carried forward)	**2,253**	**1,815**	**438**
Profit (loss) for the year	**2,049**	**5,265**	**-3,216**
Shareholders’ equity	**30,203**	**31,136**	**-933**

On approving the financial statements for the year ended as at 31 December 2018, the shareholders’ meeting of the Parent Company approved the distribution of dividends of EUR 2,688 thousand.

In the first half of 2019, the parent company purchased treasury shares as authorised by the shareholders' meeting in its resolution dated 30 April 2019. As at 30 June 2019 the Group held 215,139 treasury shares, equal to 1.179% of the share capital, for a total value of EUR 1,041 thousand (equal to the amount reflected in the “Negative reserve for treasury shares on hand”, posted as a decrease to consolidated shareholders’ equity).

14 Non-current financial liabilities

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

Non-current financial liabilities	30/06/2019	31/12/2018	Change	From 1 to 5 years	Over 5 years
Long-term bank borrowings	8,548	9,685	-1,137	7,640	908
Long-term bank borrowings	**8,548**	**9,685**	**-1,137**	**7,640**	**908**
Lease liabilities	190	-	190	190	-
Bonds	4,551	4,657	-106	4,551	-
Other non-current financial payables	-	695	-695	-	-
Other non-current loans	**4,741**	**5,352**	**-611**	**4,741**	**-**
Total	**13,289**	**15,037**	**-1,748**	**12,381**	**908**

Long-term bank borrowings

Amounts due to banks refer to two unsecured loans with an original amount totalling EUR 14 million and, in particular:

- loan of EUR 7 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 in relation to the Consolidated Financial Statements: NFP/SE < 1 and NFP/EBITDA < 3. It is also noted that the value of the covenants, as set out in the loan agreements, are calculated by the Group using data extracted from the Consolidated Financial Statements drawn up in accordance with the Italian Civil Code and the OIC Italian accounting standards, irrespective of the fact that the Group draws up its Consolidated Financial Statements in accordance with the IAS/IFRSs.

- loan of EUR 7 million, entered into on 7 October 2018, maturing on 31 March 2025, with an interest rate of Euribor 3 months + 1.50% spread, for the purpose of acquiring control of Myrios S.r.l.. The outstanding loan includes the following covenants that must be respected in relation to the annual Consolidated Financial Statements: NFP/SE < 1 and NFP/EBITDA < 3. It is also noted that the value of the covenants, as set out in the loan agreements, are calculated by the Group using data extracted from the Consolidated Financial Statements drawn up in accordance with the Italian Civil Code and the OIC Italian accounting standards, irrespective of the fact that the Group draws up its Consolidated Financial Statements in accordance with the IAS/IFRSs.

Bonds

As part of the listing process on the AIM Italia market, a convertible bond was issued, named "Piteco Convertibile 4.50% 2015-2020". The Parent Company issued 1,189 convertible bonds 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, equal to an effective interest rate of 7.1%. The conversion option represents an embedded derivative financial instrument, which was posted in the corresponding item of the statement of financial position. In the first half of 2019, the Parent Company purchased own bonds for a nominal value of EUR 71 thousand.

Lease liabilities

Lease liabilities refer to the accounting of leases based on new IFRS 16; for the relevant changes, please refer to the table set out in chapter IV of these explanatory notes to the financial statements.

Other non-current financial payables

The reduction in the item is due to the reclassification from non-current financial liabilities to current financial liabilities of the payable deriving from the last tranche of the price (earn-out) to be paid as part of the acquisition of the investment in Myrios S.r.l..

15 Long-term derivative financial instruments

Long-term derivative financial instruments	30/06/2019	31/12/2018	Change	From 1 to 5 years	Over 5 years
NCI Put options	11,619	11,512	107	9,338	2,280
Total	**11,619**	**11,512**	**107**	**9,338**	**2,280**

The amount of EUR 11,619 thousand (EUR 11,512 thousand as at 31 December 2018) refers to the put options included in the contract for acquisition of the business unit Lending Tools.com during 2017 and to purchase the controlling stake in Myrios S.r.l., specifically:

- in April 2017, as part of the acquisition of the business unit LendingTools.com, the subsidiary Piteco North America, Corp. also subscribed with the minority shareholders of Juniper Payments, LLC an agreement to govern the right of the minority partners to possibly exit from Juniper Payments, LLC once the term of five years has passed from the stipulation of the purchase and sale agreement, 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. The estimated price of the option charged to the financial statements as at 30 June 2019 was USD 2.6 million (EUR 2.3 million).
- in October 2018, as part of an operation that resulted in Piteco S.p.A. acquiring control of Myrios S.r.l., the Parent Company, along with the minority shareholders, subscribed a put option on the residual 44% stake in Myrios S.r.l., which set out the right of the minority shareholders to withdraw in the period between the approval of the financial statements of Myrios 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 minority 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 of Myrios S.r.l. approved at the date the put option is exercised. That price shall be paid at least 50% in shares of Piteco S.p.A.. The estimated price of the option charged to the financial statements closed as at 30 June 2019 came to EUR 9.3 million.

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 possible exercise of the option. To that end, in these Consolidated Interim Financial Statements a non-current liability of EUR 11,619 thousand was recognised.

For the Juniper option, the recalculation of the fair value as at 30 June 2019, determined mainly by considering the estimate of the equity value of Juniper Payments, LLC at the measurement date, the expected dividends and a discount factor calculated based on the risk-free rate and the credit spread of Piteco, in compliance with the provisions of IFRS 9, resulted in a decrease of USD 11 thousand (EUR 9 thousand at the exchange rate at that date). For the Myrios option, the recalculation of the fair value, determined mainly by considering the estimate of the equity value of Myrios at the date of exercise of the option and a discount factor calculated based on the risk-free rate and the credit spread of Piteco, in compliance with the provisions of IFRS 9, resulted in an increase of EUR 102 thousand.

16 Deferred tax liabilities

Deferred tax liabilities	30/06/2019	31/12/2018	Change	Within 12 months	From 1 to 5 years
Other non-current deferred tax liabilities	2,495	2,587	-92	-	2,495
Total	**2,495**	**2,587**	**-92**	**-**	**2,495**

For further details on the composition of the item, refer to the specific table in this report.

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17 Employee benefits

The changes in employee benefits are shown below:

Employee benefits	Opening balance	Actuarial measurements	Increases	Decreases	Closing balance
Employee severance indemnity	1,294	56	39	-20	1,369
Total	**1,294**	**56**	**39**	**-20**	**1,369**

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

Financial assumptions	30/06/2019	31/12/2018
Technical discount rate	0.77%	1.57%
Inflation rate	1.00%	1.50%
Employee severance indemnity growth rate	2.25%	2.63%

18 Provisions for risks and charges

The changes recorded in the first half of 2019 are shown below:

Long-term provisions	Opening balance	Increases	Decreases	Closing balance
Other non-current provisions	50	2	-	52
Total	**50**	**2**	**-**	**52**

The item “Other non-current provisions” is composed solely 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 by the Parent Company. This provision was not discounted as the results were not significant.

19 Current payables

The change in current payables is shown below:

Current payables	30/06/2019	31/12/2018	Change
Payables to suppliers	824	625	199
Invoices to be received	26	31	-5
Trade payables	**850**	**656**	**194**
Current payables due to parent company	215	17	198
Payables due to parent companies, affiliates and associates	**215**	**17**	**198**
Total	**1,065**	**673**	**392**

Payables due to suppliers, including the allocations for invoices to be received, amounted to EUR 850 thousand as at 30 June 2019 (EUR 656 thousand as at 31 December 2018) and are all short term.

Current payables due to parent companies represent trade payables for EUR 215 thousand.

20 Liabilities deriving from contracts

Liabilities deriving from contracts	30/06/2019	31/12/2018	Change
Accounts from customers	407	299	108
Total	**407**	**299**	**108**

Liabilities deriving from contracts of EUR 407 thousand (EUR 299 thousand as at 31 December 2018) are composed of accounts from customers for work not yet completed.

21 Other current payables

Other current payables are shown in the table below:

Other current payables	30/06/2019	31/12/2018	Change
Deferred trade income	4,480	530	3,950
Payables for wages and salaries	1,614	1,471	143
Payables for social security charges	483	623	-140
Accrued trade expenses	196	108	88
VAT payables due to tax authorities	127	1	126
Payables for withholdings	195	312	-117
Other social security payables	74	60	14
Other tax payables	17	14	3
Other current payables	59	97	-38
Total	**7,245**	**3,216**	**4,029**

Deferred income was equal to EUR 4,480 thousand and refers, almost entirely, to software maintenance fees collected in advance of the years when the services shall be provided.

22 Current tax liabilities

Current tax liabilities amounted to EUR 451 thousand as at 30 June 2019 (EUR 172 thousand as at 31 December 2018) and break down as follows:

Current tax liabilities	30/06/2019	31/12/2018	Change
Payables due to parent company for tax consolidation	279	138	141
Payables for IRES taxes	132	-	132
Payables for IRAP taxes	40	29	11
Payables for withholdings	-	5	-5
Total	**451**	**172**	**279**

23 Current financial liabilities

The changes in current financial liabilities are shown in the table below:

Current financial liabilities	30/06/2019	31/12/2018	Change
Uses of current account credit facilities	319	-	319
Current bank borrowings	2,261	1,960	301

Current bank borrowings	**2,580**	**1,960**	**620**
Current lease liabilities	139	-	139
Other current financial payables	731	4,119	-3,388
Other current loans and financial payables	**870**	**4,119**	**-3,249**
Total	**3,450**	**6,079**	**-2,629**

Current bank borrowings

These regard the short-term portion (within 12 months) of amounts due to banks for unsecured loans with original total amount of EUR 14 million. For details on the characteristics of the loans, refer to point 14 of these explanatory notes to the financial statements.

Other current financial payables

The amount of EUR 731 thousand refers to the third and final tranche of the price (earn out) set out in the contract for the acquisition of the investment in Myrios S.r.l.. However, it should be noted that the reduction registered in the first half of 2019 is due to the fact that the parent company Piteco S.p.A., as set out in the contract, acquired 50,000 shares equal to 5% of Juniper Payment, LLC's share capital at a price of USD 1,500,000 and paid the second tranche of the price (earn out) set out in the contract for the acquisition of the investment in Myrios S.r.l..

Current lease liabilities

The amount relates to the short-term portion of the liabilities relating to leases accounted for on the basis of IFRS 16; please refer to the table set out in chapter IV of these explanatory notes to the financial statements for the relevant changes.

24 Revenues

Revenues from sales and services amounted to EUR 10,587 thousand (EUR 8,831 thousand as at 30 June 2018), recording an increase of EUR 1,756 thousand (+19.8%) compared to the corresponding figure in the first half of 2018. Revenues from sales and services of the parent company Piteco S.p.A. were equal to EUR 7,003 thousand (EUR 6,655 thousand as at 30 June 2018).

It should be noted that the first half of 2018 (used as the period of comparison) does not include the revenues of the subsidiary Myrios S.r.l. as it was only consolidated from October 2018 (date of acquisition of the company).

Revenues by service type

The breakdown of revenues by service type is shown below.

Revenues	30/06/2019	%	30/06/2018	%	Change
Maintenance fees	3,213		2,927		286
Application management fees	727		647		80
Usage fees	966		293		673
Total Fees	**4,906**	**46.34%**	**3,867**	**43.79%**	**1,039**

Software sales	903		615		288
Total Software	**903**	**8.53%**	**615**	**6.96%**	**288**
Professional activities and services	2,186		1,729		457
Other revenues from sales	2		20		-18
Personalisations	359		415		-56
Commissions and Royalties	3		9		-6
Total activities and services	**2,550**	**24.09%**	**2,173**	**24.61%**	**377**
Digital payments and clearing house revenues	2,228		2,176		52
Total digital payments and clearing house revenues	**2,228**	**21.04%**	**2,176**	**24.64%**	**52**
Total	**10,587**		**8,831**		**1,756**

Revenues relating to the subsidiary Myrios S.r.l. in the first half of 2019 totalled EUR 1,356 thousand, and revenues related to the subsidiary Juniper came to EUR 2,228 thousand.

25 Other operating revenues

The balance of "Other operating revenues" as at 30 June 2019 was EUR 433 thousand (EUR 200 thousand as at 30 June 2018) including contingent assets for EUR 29 thousand, increases in internal work capitalised for EUR 232 thousand, expense reimbursements from customers for EUR 150 thousand and reimbursements from employees for professional and personal use of company automobiles for EUR 12 thousand. The increases in internal work capitalised relate to development expenses on proprietary software.

Other operating revenues	30/06/2019	30/06/2018	Change
Recovery of costs for services	172	158	14
Other operating revenues	232	32	200
Contingent assets	29	10	19
Total	**433**	**200**	**233**

26 Changes in assets deriving from contracts

Change in assets deriving from contracts	30/06/2019	30/06/2018	Change
Changes in assets deriving from contracts	80	6	74
Total	**80**	**6**	**74**

The item "Changes in assets deriving from contracts" relates to the change in contracts still not completed at the end of the periods pertaining to indivisible services that will be finished in the next 12 months.

27 Goods and consumables

Costs for the purchase of goods and consumables amounted to EUR 150 thousand (EUR 161 thousand as at 30 June 2018).

Goods and consumables	30/06/2019	30/06/2018	Change
Purchase of finished products	147	153	-6
Other purchases	3	8	-5
Total	**150**	**161**	**-11**

28 Personnel costs

Personnel costs for employees are shown in the table below:

Personnel costs	30/06/2019	30/06/2018	Change
Wages and salaries	3,524	3,083	441
Social security charges	859	674	185
Allocations to pension funds and other	180	157	23
Other personnel costs	1	6	-5
Total	**4,564**	**3,920**	**644**

Employees of the Group as at 30 June 2019 totalled 122 resources (114 resources as at 31 December 2018). The increase in the item registered in the period is attributable to the increase in the total number of employees.

29 Costs for services and leases and rentals

Other costs are shown in the table below:

Costs for services and leases and rentals	30/06/2019	30/06/2018	Change
External maintenance	171	98	73
Consulting, administrative and legal services	799	530	269
Utilities	67	48	19
Promotion and advertising fees	72	84	-12
Bonuses and commissions	42	63	-21
Sundry consulting	430	389	41
Insurance	51	39	12
Travel expenses and allowances	202	168	34
Fees and compensation to directors	31	20	11
Services for personnel	70	81	-11
Other	8	-	8
Costs for services	**1,943**	**1,520**	**423**
Rent payable	55	82	-27
Rentals and other	52	95	-43
Royalties	58	44	14
Leases and rentals	**165**	**221**	**-56**
Total	**2,108**	**1,741**	**367**

As a percentage of revenues, the incidence of costs for services was unchanged compared to the previous half, standing at roughly 17%.

30 Other operating costs

Other costs are shown in the table below:

Other operating costs	30/06/2019	30/06/2018	Change
Other taxes	11	9	2
Contributions and donations	3	1	2
Magazine and subscription fees	4	3	1
Contingent liabilities	59	2	57
Allocations to agents severance indemnities	2	3	-1

Allocations to bad debt provisions	28	14	14
Total	**107**	**32**	**75**

Contingent liabilities includes the expenses of previous years not accounted for by the subsidiary Myrios S.r.l. for an amount of EUR 51 thousand.

31 Amortisation and depreciation

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

Amortisation and depreciation	30/06/2019	30/06/2018	Change
Depreciation of buildings used in operations	23	23	-
Depreciation of generic plant	1	1	-
Depreciation of vehicles	5	-	5
Depreciation of electronic machines	9	7	2
Depreciation of other property, plant and equipment	55	36	19
Depreciation of property, plant and equipment	**93**	**67**	**26**
Depreciation of buildings - rights-of-use	15	-	15
Depreciation of vehicles - rights-of-use	54	-	54
Amortisation of assets for rights-of-use	**69**	**-**	**69**
Amortisation of concessions, licences and trademarks	4	3	1
Amortisation of software	1,065	714	351
Amortisation of other intangible assets	145	-	145
Amortisation of intangible assets	**1,214**	**717**	**497**
Total	**1,376**	**784**	**592**

The total increase of EUR 497 thousand in amortisation of intangible assets is attributable essentially to the assets deriving from the acquisition of the investee Myrios S.r.l. in October 2018.

32 Gains (losses) from transactions in foreign currency

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

Gains (losses) from transactions in foreign currency	30/06/2019	30/06/2018	Change
Exchange rate gains	45	264	-219
Exchange rate losses	0	-9	9
Total	**45**	**255**	**-210**

During the year, the Group recorded net exchange gains of EUR 45 thousand, of which EUR 34 thousand unrealised.

33 Financial revenues

The table below provides details of financial income:

Financial revenues	30/06/2019	30/06/2018	Change
Income on options and similar	10	126	-116
Interest and trade discounts receivable	3	-	3

Bank and postal account interest	3	3	0
Total	**16**	**129**	**-113**

34 Financial charges

The table below provides details of financial charges:

Financial charges	30/06/2019	30/06/2018	Change
Interest on other non-current payables	295	186	109
Interest on non-current bank borrowings	278	66	212
Financial charges on employee severance indemnity	10	8	2
Interest on lease liabilities	4	-	4
Financial charges - parent companies	-	1	-1
Total	**587**	**261**	**326**

35 Income taxes

Income taxes estimated for the first half of 2019 are analysed in the table below:

Income taxes	30/06/2019	30/06/2018	Change
IRAP income taxes	72	48	24
IRES income taxes	203	169	34
Taxes from previous years	42	-1	43
Deferred tax assets	-67	-57	-10
Deferred tax liabilities	-92	63	-155
Income taxes of foreign subsidiaries	62	86	-24
Total	**220**	**308**	**-88**

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

Effects of deferred tax assets and liabilities - IRES	30/06/2019		30/06/2018	
	Temporary Difference	Taxes (rate of 24%)	Temporary Difference	Taxes (rate of 24%)
Amortisation of trademarks	43	10	65	16
Agents' leaving indemnities	7	2	7	2
Long-term costs	5	1	15	4
Actuarial measurement of employee severance indemnity	234	56	183	44
Other costs with deferred deductibility	164	39	161	39
Exchange rate differences from measurement	933	224	1,044	251
Consolidation adjustments	2	1	-	-
Amortisation of software - Piteco North America	831	208	545	131
Deferred tax assets	**2,219**	**541**	**2,020**	**487**
Consolidation adjustments	8,098	1,944		
Higher value of property	403	97	418	100
Other deferred tax liabilities	378	91	257	62
Amortisation of "Centro data" goodwill	118	28	92	22
Deferred tax liabilities	**8,997**	**2,160**	**767**	**184**
Total	**6,778**	**1,619**	**-1,253**	**-303**

Effects of deferred tax assets and liabilities - IRAP	30/06/2019		30/06/2018	
	Temporary Difference	Taxes (rate of 3.9%)	Temporary Difference	Taxes (rate of 3.9%)
Amortisation of trademarks	43	2	65	3
Agents' leaving indemnities	4	-	4	-
Long-term costs	6	-	15	1
Other costs with deferred deductibility	-	-	1	-
Deferred tax assets	**53**	**2**	**85**	**4**
Consolidation adjustments	8,098	316	-	-
Higher value of property	403	16	418	16
Amortisation of "Centro data" goodwill	118	5	92	4
Deferred tax liabilities	**8,619**	**337**	**510**	**20**
Total	**8,566**	**335**	**425**	**16**

The balance of deferred tax assets and liabilities takes account of both deferred taxes due to temporary tax changes and deferred tax assets and liabilities calculated based on the IAS/IFRS consolidation and conversion adjustments of the financial statements of the subsidiaries.

VIII. COMMITMENTS AND GUARANTEES

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

Memorandum accounts	30/06/2019	31/12/2018
Sureties, personal guarantees and collateral to third parties	72	53
Guarantees given	**72**	**53**
Third party assets at the company	-	197
Assets of others	**-**	**197**
Total	**72**	**250**

As at 30 June 2019 the Parent Company granted guarantees of EUR 72 thousand in the form of sureties for participation in tenders.

A reconciliation between the operating lease commitments as at 31 December 2018 and the liabilities emerged as at 1 January 2019 by applying IFRS 16 is provided below.

	01/01/2019
Commitments deriving from operating leases as at 31 December 2018	197
Option of extension of the lease net of short-term, low-value leases and discounting effect	72
Financial liabilities deriving from first-time application of IFRS 16	**269**
Financial lease liabilities recognised as at 31 December 2018	77
Total lease liabilities recognised as at 1 January 2019	**346**

IX. 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 2019 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 total fees and salaries, including social security costs, were equal to EUR 783 thousand.

X. NET FINANCIAL POSITION

The consolidated Net Financial Position as at 30 June 2019, including the put options on the minority shares of Juniper Payments, LLC and Myrios S.r.l. and the financial payables deriving from the application of IFRS 16, was a negative EUR 26,411 thousand (negative EUR 26,794 thousand as at 31 December 2018), with a change of EUR -383 thousand mainly due to the positive cash flow generated during the period, despite the payment of dividends of EUR 2,688 thousand.

The breakdown of the net financial position of the Group is shown below:

Net Financial Position	30/06/2019	31/12/2018	Change
A. Cash	-	1	-1
B. Other cash and cash equivalents	1,947	5,571	-3,624
C. Securities held for trading	-	-	-
D. Liquidity (A+B+C)	**1,947**	**5,572**	**-3,625**
E. Current financial receivables	**-**	**262**	**-262**
F. Current bank borrowings	319	-	319
G. Current portion of non-current indebtedness	2,261	1,960	301
H. Other current financial payables	870	4,119	-3,249
I. Current financial indebtedness (F+G+H)	**3,450**	**6,079**	**-2,629**
J. Net current financial indebtedness (I-E-D)	**1,503**	**245**	**1,258**
K. Long-term bank borrowings	8,548	9,685	-1,137
L. Bonds issued	4,551	4,657	-106
M. Other non-current payables	11,809	12,207	-398
N. Non-current financial indebtedness (K+L+M)	**24,908**	**26,549**	**-1,641**
O. Net financial indebtedness (J+N)	**26,411**	**26,794**	**-383**

Net financial indebtedness, as determined in point O is consistent with the provisions of Consob Communication DEM/6064293 of 28 July 2006, which excludes non-current financial assets.

Pursuant to IAS 7 “Statement of cash flows”, the changes in liabilities from financing activities are shown below:

Description	31/12/2018	Monetary flow	Non-monetary flow		30/06/2019
			Fair value change	Other changes	
Short-term loans	6,079	-2678	49	-	3,450
Medium/long-term loans	26,549	-1,938	297	-	24,908
Current financial assets	262	-262	-	-	-
Net liabilities from financing activities	**32,366**	**-4,354**	**346**	**0**	**28,358**
Cash and cash equivalents	5,572	-3,625			1,947
Net financial indebtedness	**26,794**	**-729**	**346**	**0**	**26,411**

XI. TREASURY SHARES

During the first half of 2019, the Parent Company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 30 April 2019. As at 30 June 2019 the Group held 215,139 treasury shares, equal to 1.179% of the share capital, for a total value of EUR 1,041 thousand (equal to the amount reflected in the "Negative reserve for treasury shares on hand", posted as a decrease to consolidated shareholders' equity).

XII. SUBSEQUENT EVENTS

No events took place after the close of the half.

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

Note that in the first half 2019 the Group did not implement atypical and/or unusual transactions, as defined by CONSOB Communication no. DEM/6064293 of 28 July 2006.

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

The table shows the fees (net of the reimbursement of expenses and VAT) pertaining to 2019 due to the Directors and the Board of Statutory Auditors.

Fees to the Directors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Marco Podini	Chairman of the BoD	01.01.2019-31.12.2019	Approval of the 2020 financial statements	5
Paolo Virenti	Chief Executive Officer	01.01.2019-31.12.2019	Approval of the 2020 financial statements	5

Gianni Camisa	Director	01.01.2019-20.02.2019	Resigned on 20.2.2019	1
Annamaria Di Ruscio	Director	01.01.2019-31.12.2019	Approval of the 2020 financial statements	7
Andrea Guido Guillermaz	Director	01.01.2019-31.12.2019	Approval of the 2020 financial statements	5
Riccardo Veneziani	Director	01.01.2019-31.12.2019	Approval of the 2020 financial statements	5
Maria Luisa Podini	Director	01.01.2019-31.12.2019	Approval of the 2020 financial statements	5
Francesco Mancini	Director	01.01.2019-31.12.2019	Approval of the 2020 financial statements	7
Rossi Mauro	Director	28.03.2019-31.12.2019	Approval of the 2020 financial statements	7
Total				**47**

Fees to the Board of Statutory Auditors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Luigi Salandin	Chairman of the Board of Statutory Auditors	01.01.2019-31.12.2019	Approval of the 2020 financial statements	22
Marcello Del Prete	Standing Auditor	01.01.2019-31.12.2019	Approval of the 2020 financial statements	15
Fabio Luigi Mascherpa	Standing Auditor	01.01.2019-31.12.2019	Approval of the 2020 financial statements	15
Claudio Stefanelli	Alternate Auditor	01.01.2019-31.12.2019	Approval of the 2020 financial statements	
Gianandrea Borghi	Alternate Auditor	01.01.2019-31.12.2019	Approval of the 2020 financial statements	
Total				**52**

XV. INDEPENDENT AUDITORS

The table below shows the fees (net of the reimbursement of expenses and VAT) pertaining to 2019 for auditing services and other services provided by the independent auditors and the companies in their network.

Type of services	Party providing the service	Fees (thousands of EUR)
Auditing of the accounts	KPMG	55

XVI. DISCLOSURE ON TRANSPARENCY OBLIGATIONS IN SYSTEM OF PUBLIC GRANTS (NATIONAL LAW 124/2017 ART. 1, PARAGRAPHS 125-129)

As required by the regulations on transparency in public grants introduced by article 1, paragraphs 125-129 of Italian Law no. 124/2017 and subsequently supplemented by the Legislative Decree on “Security” (no. 113/2018) and the Legislative Decree on “Simplification” (no. 135/2018), it is noted that in the first half of 2019 the Group received subsidies, grants and economic benefits from public administrations and equivalent entities, from companies controlled by the public administration and from government-owned companies, as reported in the National Register of State Aid.

Milan, 27 September 2019

The Chairman of the BoD

Marco Podini

Certification of the Consolidated Financial Statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Paolo Virenti, as Chief Executive Officer, and Riccardo Veneziani, as the Manager responsible for drafting the corporate accounting documents of Piteco S.p.A., hereby certify, taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements in the first half of 2019.

In this regard, no significant aspects came to light.

It is also hereby certified that the condensed interim consolidated financial statements of the Piteco Group:

a) are drafted in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;

b) correspond to the results of the books and the accounting records;

c) are suitable to provide a true and fair view of the issuer's equity, economic and financial position and the group of consolidated companies.

The Report on Operations includes a reliable analysis of the references to the important events that occurred in the first six months of the year and their impact on the condensed interim consolidated financial statements, together with a description of the risks and uncertainties to which the issuer and the group of consolidated companies are exposed. The Report on Operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 27 September 2019

The Chief Executive Officer	Manager responsible for drafting the corporate accounting documents
___________________________	_______________________________