Half-Year financial report
as at 30 June 2020

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 document in Italian,

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 version in Italian.

Piteco
FINANCIAL SOFTWARE & CONSULTING

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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
Mancini Francesco (1), (3)	Director
Rossi Mauro (4)	Director

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

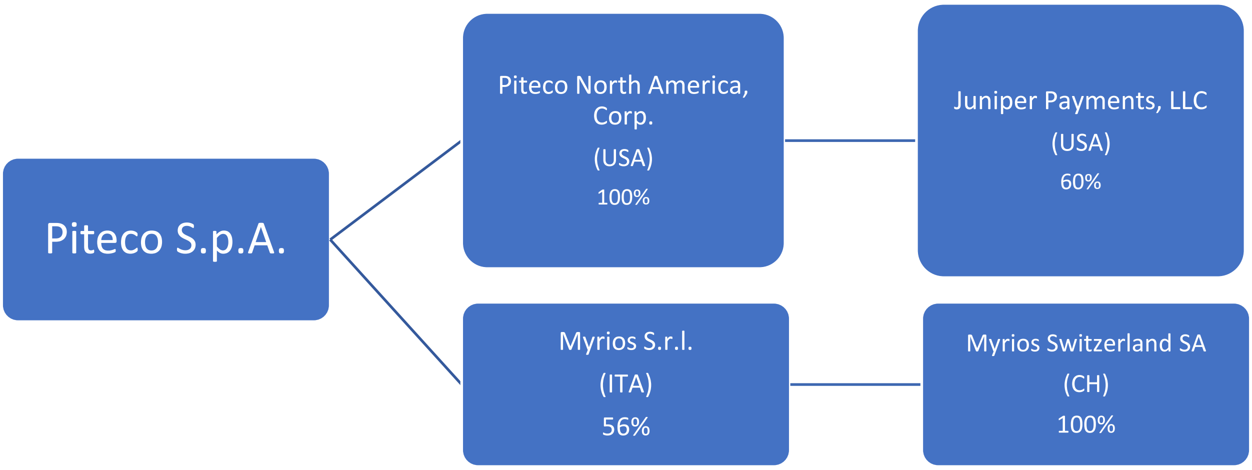
The auditing assignment was granted by the shareholders' meeting of 16 April 2018 for the nine years ending with the approval of the financial statements as at 31 December 2026.

Structure of Group and consolidation perimeter

Situation as at 30 June 2020

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

Company Name	Registered Office	Share Capital	currency	% Ownership	held by	Type of consolidation
Piteco S.p.A. (“Piteco”)	Italy	21,175	Euro	n/a	n/a	Consolidating entity
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	Euro	56%[3]	Piteco S.p.A.	Line-by-line
Myrios Switzerland SA (“Myrios Ch”)	Switzerland	100	CHF	56%	Myrios S.r.l.	Line-by-line



With respect to the situation as at 31 December 2019, there were no changes in the Piteco Group’s scope of consolidation

[1] The currency codes used herein comply with the International Standard ISO 4217: EUR Euro; USD USA Dollar; 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 consolidated 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 consolidated financial statements, the Put Option reserved for minority shareholders of 44% of the share capital was recorded.

DIRECTORS' REPORT ON OPERATIONS

INTRODUCTION

This interim Report on Operations (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 2020.

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

the first half of 2020 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..

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 proprietary software solutions for Corporate Treasury management, Financial Planning and Intelligent Data Matching, used by over 650 national and international groups operating in all business sectors. With 93 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.

Note should be taken of the acquisition, on 31 March 2020, by the Parent Company Piteco S.p.A., of the business unit from the company Everymake S.r.l. relating to the provision of IT services. The business unit includes cloud software products for data matching, primarily financial data, offering vertical solutions for the utilities sector, financial companies, consumer credit, leasing and factoring companies and other similar sectors. The operation took place in continuity with the transfer of all personnel and the guarantee for customers of the maintenance of the services provided.

GROUP SITUATION AND PERFORMANCE OF OPERATIONS

The first half of 2020 ended with profit after tax equal to EUR 2,312 thousand. The statements below provide a summary of the economic performance and financial position of the company in the first half of 2020:

Economic analysis

Income Statement	30/06/2020	%	30/06/2019	%	% Change
Revenue from contracts with customers	11,043	92.3%	10,587	95.4%	4.3%
Other operating revenues	651	5.4%	433	3.9%	50.3%
Change in contract assets	267	2.2%	80	0.7%	> 100%
Operating revenues	**11,961**	**100.0%**	**11,100**	**100.0%**	**7.8%**
Goods and consumables	148	1.2%	150	1.4%	-1.3%
Personnel costs	4,958	41.5%	4,564	41.1%	8.6%
Costs for services	1,907	15.9%	1,965	17.7%	-3.0%
Other operating costs	104	0.9%	79	0.7%	31.6%
Operating costs	**7,117**	**59.5%**	**6,758**	**60.9%**	**5.3%**
EBITDA	**4,844**	**40.5%**	**4,342**	**39.1%**	**11.6%**
Amortisation and depreciation	1,649	13.8%	1,376	12.4%	19.8%
Write-downs and write-backs	94	0.8%	28	0.3%	> 100%
EBIT	**3,101**	**25.9%**	**2,938**	**26.5%**	**5.5%**
Gains (losses) from transactions in foreign currency	36	0.3%	45	0.4%	-20.0%
Financial income and charges	-345	-2.9%	-571	-5.1%	-39.6%
Non-recurring income and charges	6	0.1%	-143	-1.3%	>-100%
Profit before tax	**2,798**	**23.4%**	**2,269**	**20.4%**	**23.3%**
Income taxes	486	4.1%	220	2.0%	> 100%
Profit for the year	**2,312**	**19.3%**	**2,049**	**18.5%**	**12.8%**

In the six-month period ended 30 June 2020, the turnover of the Group was equal to EUR 11,043 thousand, marking more than a 4% increase with respect to 30 June 2019. Operating revenues amounted to EUR 11,961 thousand (+8% compared to 30 June 2019). EBITDA was EUR 4,844 thousand (+12% compared to 30 June 2019) and its weight on revenues (Ebitda Margin) came to 41%.

During the first half of 2020, net exchange rate gains of EUR 36 thousand were recognised, of which EUR 24 thousand not realised, mainly 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 served the acquisition of the "LendingTools.com" business unit in 2017.

EBIT amounted to EUR 3,101 thousand and its weight on revenues came to 26%. Net Profit amounted to EUR 2,312 thousand and its weight on revenues came to 19%.

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")

	30/06/2020				30/06/2019			
Income Statement	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**
Revenue from contracts with customers	11,043	7,607	2,205	1,231	10,587	7,003	2,228	1,356
Other operating revenues	651	402	70	179	433	374	31	28
Change in contract assets	267	177		90	80	18		62
Operating revenues	**11,961**	**8,186**	**2,275**	**1,500**	**11,100**	**7,395**	**2,259**	**1,446**
Goods and consumables	148	118	1	29	150	140	1	9
Personnel costs	4,958	3,556	798	604	4,564	3,310	726	528
Costs for services	1,907	934	812	161	1,965	1,097	753	115
Other operating costs	104	82	13	9	79	18	8	53
Operating costs	**7,117**	**4,690**	**1,624**	**803**	**6,758**	**4,565**	**1,488**	**705**
EBITDA	**4,844**	**3,496**	**651**	**697**	**4,342**	**2,830**	**771**	**741**

The half ended as at 30 June 2020 saw an increase of 11% in operating revenues in the Corporate Treasury sector, 1% in the Banking sector and 4% in the Risk Management sector. The trend in EBITDA was positive for all business segments. The Corporate Treasury segment achieved an EBITDA Margin of 43%, the Banking segment 29% and Risk Management 46%. In particular, we highlight the 24% increase in EBITDA compared to the first half of 2019 in the Corporate Treasury sector, the Group's main market.

Equity and cash flow analysis

Reclassified statement of financial position	30/06/2020	31/12/2019	Change
Contract assets	374	107	267
Current trade receivables	7,002	6,368	634
Current tax assets	4	11	-7
Other current assets	723	502	221
(A) Current assets	**8,103**	**6,988**	**1,115**
Current trade payables	1,084	927	157
Contract liabilities	4,794	1,030	3,764
Current tax liabilities	1,543	1,166	377
Other current liabilities	3,201	3,185	16
(B) Current liabilities	**10,622**	**6,308**	**4,314**
(A-B) Net working capital	**-2,519**	**680**	**-3,199**
Property, plant and equipment	4,157	4,015	142
Intangible assets	56,997	56,900	97
Financial assets	10	20	-10
Deferred tax assets	1,106	1,153	-47
(C) Non-current assets	**62,270**	**62,088**	**182**
Employee benefits	1,449	1,398	51
Long-term provisions	56	54	2
Deferred tax liabilities	2,352	2,439	-87
(D) Non-current liabilities	**3,857**	**3,891**	**-34**
(NWC+C-D) Net invested capital	**55,894**	**58,877**	**-2,983**
Share Capital	21,175	19,125	2,050
Reserves	7,737	7,024	713
Undistributable profits	235	2,253	-2,018
Net profit for the year	2,312	3,017	-705
(SE) Total shareholders' equity	**31,459**	**31,419**	**40**
Cash and cash equivalents	3,727	3,046	681
Current financial assets	100	99	1
Non-current financial lease assets	559	609	-50
Current financial liabilities	5,285	9,509	-4,224
Current lease liabilities	466	227	239
Non-current financial liabilities	20,722	19,120	1,602
Non-current lease liabilities	2,348	2,356	-8
(NFP) Net financial position	**24,435**	**27,458**	**-3,023**
(SE+NFP) Total sources	**55,894**	**58,877**	**-2,983**

The consolidated Net Financial Position as at 30 June 2020, including the put options on the minority shares of Juniper Payments, LLC and Myrios S.r.l. was a negative EUR 24,435 thousand (negative EUR 27,458 thousand as at 31 December 2019), with a positive change of EUR 3,023 thousand mainly due to the positive cash flow generated during the period, despite the payment of dividends for a total of EUR 3,457 thousand by the Group companies, the earn-out of Myrios of EUR 2,015 thousand and the price for the purchase of the Everymake business unit for EUR 500 thousand.

The Net Financial Position as at 30 June 2020 broke down as follows:

- Cash and banks receivable of EUR 3,727 thousand: the Group's cash and cash equivalents are deposits in EUR and USD.

- Current financial assets amounting to EUR 100 thousand, are composed of receivables due from the parent company Dedagroup S.p.A. deriving from the accounting of the active lease agreement based on IFRS 16.
- Non-current financial lease assets amounting to EUR 559 thousand, are composed of receivables due from the parent company Dedagroup S.p.A. deriving from the accounting of the active lease agreement based on IFRS 16.
- Current financial liabilities of EUR 5,285 thousand are comprised of the portion of bank borrowings falling due within the year (EUR 2,568 thousand), the payable for the price adjustment relating to the purchase of the "Everymake" business unit of EUR 35 thousand, uses of the current account credit facility of the Parent Company for EUR 849 thousand and the convertible bond of EUR 1,833 thousand.
- Current lease liabilities amounting to EUR 466 thousand derive from the accounting of leases for company cars and property lease agreements based on IFRS 16 accounting standard.
- Non-current financial liabilities, equal to EUR 20,722 thousand, consisted of the medium/long-term portion of the bank loan for EUR 7,451 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 11,182 thousand, the estimated payable for the put option granted to the minority shareholders on the residual 40% of the share capital of Juniper for EUR 1,745 thousand and the estimated payable for the earn-out relating to the purchase of the business unit "Everymake" for EUR 344 thousand.
- Non-current lease liabilities amounting to EUR 2,348 thousand are composed of the medium/long-term payable deriving from the accounting of leases and the property lease agreement based on IFRS 16 accounting standard.

It should also be pointed out that the Net Financial Position reported in the Explanatory notes to the consolidated financial statements was determined according to the provisions contained in Consob Communication DEM/6064293 of 28 July 2006 and which deviates from the Net Financial Position calculated above given that it excludes non-current financial assets.

The consolidated Net Financial Position as at 30 June 2020, excluding the put options described above, was a negative EUR 11,508 thousand (negative EUR 14,599 thousand as at 31 December 2019), marking a positive change of EUR 3,091 thousand.

	30/06/2020	31/12/2019	Change
Cash and cash equivalents	3,727	3,046	681
Current financial assets	100	99	1
Current financial liabilities	5,285	9,509	-4,224
Lease financing	466	227	239
Financial assets	559	609	-50
Non-current financial liabilities	7,795	6,261	1,534
Lease financing	2,348	2,356	-8
(NFP) Net financial position	**11,508**	**14,599**	**-3,091**

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 2020 and 30 June 2019.

Return On Equity	30/06/2020	30/06/2019
Profit (loss) pertaining to the Group	2,312	2,049
Shareholders' equity	31,459	30,203
ROE	**7.35%**	**6.78%**

Return On Investments	30/06/2020	30/06/2019
EBIT	3,101	2,938
Net invested capital	55,894	56,614
ROI	**5.55%**	**5.19%**

Return On Sales	30/06/2020	30/06/2019
EBIT	3,101	2,938
Revenue from contracts with customers	11,043	10,587
ROS	**28.08%**	**27.75%**

Return On Capital Employed	30/06/2020	30/06/2019
EBIT	3,101	2,938
Total assets - Current liabilities	58,386	59,027
ROCE	**5.31%**	**4.98%**

Debt Equity	30/06/2020	30/06/2019
Net Financial Position	24,435	26,411
Total shareholders' equity	31,459	30,203
Debt Equity	**0.78**	**0.87**

EBITDA NFP	30/06/2020	30/06/2019
Net Financial Position	24,435	26,411
EBITDA	4,844	4,342
EBITDA NFP	**5.04**	**6.08**

Debt Equity adjusted	30/06/2020	30/06/2019
Net financial position without put options	11,508	14,792
Total shareholders' equity	31,459	30,203
Debt Equity	**0.37**	**0.49**

Adjusted EBITDA NFP	30/06/2020	30/06/2019
Net financial position without put options	11,508	14,792
EBITDA	4,844	4,342
EBITDA NFP	**2.38**	**3.41**

BUSINESS POLICY

During the first half of 2020, 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, data matching as well as integrating services provided by fintech into our solutions.

INVESTMENT POLICY

The investments made in the first half of 2020 are summarised below:

Description	Amounts
Investments in intangible assets (including increases in internal work capitalised)	507
Investments in business combinations	886
Investments in property, plant and equipment	88
Total investments in fixed assets	**1,481**

RESEARCH AND DEVELOPMENT

Research and development is conducted for the purpose:

- of developing new products in the treasury, corporate finance, data matching 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:

- effects of the spread of infectious diseases;
- risk linked to competition;
- risk linked to demand/macroeconomic cycle;
- risk linked to exchange rates;
- risk linked to financial management.

Effects of the spread of infectious diseases

The global spread of epidemiological emergencies or pandemics which affect the population (i.e. COVID-19) may determine not only a deterioration in the macroeconomic scenario, but slowdowns in business activities, deriving from the measures issued by the national and foreign authorities, from the unavailability of personnel and difficulties encountered by customers, with negative impacts on the Group's results. The Group is fully set up to carry out its activities in Smart Working mode, therefore, the companies have continued to provide services and activities with all personnel fully operational; no stoppages in production have been recorded for the moment, thanks to the orders already in the portfolio.

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. Piteco S.p.A. and Myrios S.r.l. operate, however, in highly specialised markets, in which they have gradually occupied a position of high standing in the domestic market, which makes them 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, is well-positioned 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 2020, 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, a loan taken out in January 2020 for a total of EUR 1.25 million, expiring in September 2024 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 (fully converted/reimbursed at the date of this report on operations). As at 30 June 2020, the residual nominal amount of the loans was EUR 9,855 thousand and EUR 1,944 thousand for the convertible bond.

The Group has cash and cash equivalents of EUR 3,727 thousand available as at 30 June 2020.

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, substantial lowering of credit risk.

DISCLOSURE ON COVID-19

The appearance of COVID-19 first in China in January 2020, then the spread to Italy in February 2020, affected health and economic systems on a global scale, becoming a genuine pandemic, as declared by the WHO in March 2020. The evolution of this virus is having a major impact on future global growth prospects, influencing the general macroeconomic framework and the financial markets, with a significant impact on the Italian economic context, in light of the decisions taken by the Government authorities to contain the spread of the epidemic.

In this complex context, the Piteco Group has promptly taken steps to tackle the crisis, implementing a series of initiatives targeted first and foremost at protecting people's health, and therefore implementing business continuity practices.

The resilience of our business model, based on a solid order backlog and recurrent fee (about 68% of the total revenues), has allowed us to compensate for the general slowdown in the activities impacted by the pandemic.

The Group immediately dedicated its energy, activities and resources to helping employees and associates manage the COVID-19 emergency, in order to promote their well-being, health, engagement and development.

All this was incorporated in practical initiatives to help people to stay in contact with the organisation and protect their health and safety, such as the immediate deployment of Smart Working.

The impact of the ongoing pandemic on the first half is considered insignificant. In fact, the economic results were extremely positive, with revenues up by 8% compared to the same period of the previous year and EBITDA at EUR 4.8 million, marking an increase of 12% over the same period in 2019.

However, the financial statements items that recorded a reduction in value as at 30 June 2020 were evaluated, in order to reflect the recoverable value in consideration of the changed macroeconomic situation.

From this perspective, in-depth analyses were carried out regarding the recoverability of the trade receivables outstanding in the portfolio at the date of the close of the period in question. Following said analysis, with respect to the comparative period closed as at 31 December 2019, an addition of EUR 94 thousand to the bad debt provision was accounted for.

It is still too soon to determine the overall impact of the crisis beyond the short-term, and what the effects will be of a potential reduction in the investment budgets of Information Technology firms. However, the Group's management is defining a plan, partly already implemented, aimed at supporting company growth in the current context and confirming the expected results in the latest plan approved by the Boards of Directors of the companies and the Parent Company.

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 AFTER THE END OF THE YEAR

As outlined, on 31 July 2020, the Convertible bond “Piteco Convertibile 4,50% 2015-2020”, code ISIN IT0005119083, was extinguished. Note that, as a result of the exercise of the Conversion Right, Piteco S.p.A. conversion shares, ISIN IT0004997984, were allocated, with the same characteristics as those currently outstanding. Again on 31 July 2020, the remaining 77 bonds were reimbursed for which the associated conversion right was not exercised, for an amount of EUR 323 thousand. Therefore, as at today’s date, convertible bonds are no longer outstanding.

On 6 August 2020, the company Piteco S.p.A. obtained an unsecured loan of EUR 3 million from Sparkasse di Bolzano, with 90% guaranteed by the Central Guarantee Fund. The loan will expire on 30 June 2026 and has a rate of the 3-month Euribor plus a spread of 0.90%.

BUSINESS OUTLOOK

The first few months of the second half confirm the growth trend in revenues and stability of operating costs.

It should be noted that, in line with the investment strategy of implementing innovative solutions, the Parent Company PITECO S.p.A. launched a new product on the market, created by combining its experience in data matching with the skills and innovations brought by the Everymake business unit acquired at the end of March. The new product, called PITECO IDM – Intelligent *Data Matching* is characterised by innovative machine learning, cognitive computing and robotisation techniques.

The new version (called PITECO EVO 5.0) of the treasury and financial planning solution, already a market leader, is also expected to be released in the market. This innovative version contains significant functionalities in the financial planning area, a new graphical look and increasingly more user-friendly techniques for use.

TRANSACTIONS WITH ASSOCIATES, PARENT COMPANIES AND AFFILIATES

In the first half of 2020, Piteco S.p.A. and Myrios S.r.l. alone conducted commercial, financial and economic transactions with companies in the Dedagroup Group, to which the Piteco Group in turn belongs.

The table below provides a summary of the transactions carried out in the first half of 2020.

Company name	Receivables	Payables	Revenues	Costs
DEDAGROUP SPA (parent company)	701	1,440	100	95
DEDAGROUP BUSINESS SOLUTION (affiliate)	-	-	3	-
MD SPA (affiliate)	17	-	23	-
Total	**718**	**1,440**	**126**	**95**

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 1,361 thousand as at 30 June 2020.

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 2020, the share of the Parent Company Piteco S.p.A. recorded an official maximum price of EUR 6.80 on 17 January 2020 and a low of EUR 4.54 on 12 March 2020. As at 30 June 2020, the share was listed at EUR 6.34.

During the first half of 2020, 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 2020 the Group held 454,303 treasury shares, equal to 2.437% of the share capital, for a total value of EUR 2,409 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 2020, there were a total of 126 employees, compared to 122 at 31 December 2019, marking a total increase of 4 employees.

Personnel	30/06/2020	31/12/2019	Average for the period
Executives	10	10	10
Middle Managers	33	32	33
Office Workers	63	61	62
Other (Juniper Payments, LLC)	20	19	20
Total	**126**	**122**	**124**

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.

DISCLOSURE PURSUANT TO ARTICLES 70 AND 71 OF THE ISSUERS' REGULATION

It should be noted that, pursuant to the provisions of art. 70, paragraph 8 and art. 71, paragraph 1-bis of the Issuers' Regulation issued by Consob, Piteco S.p.A. avails itself of the right to derogate from the obligations of publication of the information documents prescribed in the event of major merger, split-off, share capital increase through contribution in kind, acquisition and disposal transactions.

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CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2020

STATEMENT OF FINANCIAL POSITION

(values in thousands of Euro)

Assets	Notes	30/06/2020	Of which related parties	31/12/2019	Of which related parties	Change
Non-current assets						
Property, plant and machinery	1	2,176	-	2,176	-	-
Assets for rights of use	2	1,981	-	1,839	-	142
Goodwill	3	41,756	-	41,426	-	330
Other intangible assets	4	15,241	-	15,474	-	-233
Deferred tax assets	5	1,106	-	1,153	-	-47
Other non-current financial assets	6	569	559	629	609	-60
Total non-current assets		**62,829**		**62,697**		**132**
Current assets						
Contract assets	7	374	-	107	-	267
Current trade receivables	8	7,002	59	6,368	81	634
Other current receivables	9	723	-	502	-	221
Current tax assets	10	4	-	11	-	-7
Other current financial assets	11	100	100	99	99	1
Cash and cash equivalents	12	3,727	-	3,046	-	681
Total current assets		**11,930**		**10,133**		**1,797**
Total assets		**74,759**		**72,830**		**1,929**

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

Shareholders' equity and liabilities	Notes	30/06/2020	Of which related parties	31/12/2019	Of which related parties	Change
Shareholders' equity						
Share Capital	13	21,175	-	19,125	-	2,050
Share premium reserve	13	5,943	-	5,943	-	-
Negative reserve for treasury shares in portfolio	13	-2,409	-	-1,624	-	-785
Other reserves	13	4,203	-	2,705	-	1,498
Undistributable profits	13	235	-	2,253	-	-2,018
Net profit for the year	13	2,312	-	3,017	-	-705
Shareholders' equity		**31,459**		**31,419**		**40**
Non-current liabilities						
Non-current financial liabilities	14	10,143	-	8,617	-	1,526
Long-term derivative financial instruments	15	12,927	-	12,859	-	68
Deferred tax liabilities	16	2,352	-	2,439	-	-87
Employee benefits	17	1,449	-	1,398	-	51
Long-term provisions	18	56	-	54	-	2
Total non-current liabilities		**26,927**		**25,367**		**1,560**
Current liabilities						
Current trade payables	19	1,084	79	927	61	157
Contract liabilities	20	4,794	-	1,030	-	3,764
Other current payables	21	3,201	-	3,185	-	16
Current tax liabilities	22	1,543	1,361	1,166	1,022	377
Current financial liabilities	23	5,751	-	9,736	-	-3,985
Total current liabilities		**16,373**		**16,044**		**329**
Total Shareholders' equity and liabilities		**74,759**		**72,830**		**1,929**

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	30/06/2020	Of which related parties	30/06/2019	Of which related parties	Change
Revenue from contracts with customers	24	11,043	126	10,587	172	456
Other operating revenues	25	651	-	433	-	218
Change in contract assets	26	267	-	80	-	187
Operating revenues		**11,961**		**11,100**		**861**
Goods and consumables	27	148	-	150	41	-2
Personnel costs	28	4,958	805	4,564	783	394
Costs for services	29	2,036	161	2,108	107	-72
Other operating costs	30	198	-	107	-	91
Operating costs		**7,340**		**6,929**		**411**
EBITDA		**4,621**		**4,171**		**450**
Amortisation and depreciation	31	1,649	-	1,376	-	273
EBIT		**2,972**		**2,795**		**177**
Gains (losses) from transactions in foreign currency	32	36	-	45	-	-9
Financial income	33	23	-	16	-	7
Financial charges	34	368	-	587	-	-219
Financial income and charges		**-345**		**-571**		**226**
Profit before tax		**2,663**		**2,269**		**394**
Income taxes	35	351	-	220	-	131
Profit for the year		**2,312**		**2,049**		**263**

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

OTHER COMPONENTS OF COMPREHENSIVE INCOME

(values in thousands of Euro)

Other components of comprehensive income	Notes	30/06/2020	30/06/2019	Change
Profit for the period		**2,312**	**2,049**	**263**
Components which will not subsequently be reclassified in the profit/(loss) for the period				
Revaluations of liabilities for defined benefits	13	-18	-56	38
Tax effect of revaluations of liabilities for defined benefits	13	5	13	-8
Components which will be subsequently be reclassified in the profit/(loss) for the period				
Foreign management - Exchange rate differences from translation	13	-2	-7	5
Total comprehensive income		**2,297**	**1,999**	**298**

BASIC EARNINGS PER SHARE

Description	30/06/2020	30/06/2019
Net profit attributable to shareholders	**2,312**	**2,049**
Number of outstanding ordinary shares at the beginning of the year	17,864,361	17,984,000
- reduction of share capital	176	66,639
- increase in share capital	708	22,000
Number of outstanding ordinary shares at the end of the year	**18,395,997**	**17,939,361**
Weighted average number of outstanding shares	**18,699,365**	**17,938,512**
Basic earnings per share in EUR	0.1236	0.1142
Diluted earnings per share in EUR	0.1268	0.1307

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	Notes	30/06/2020	30/06/2019
Cash flows from operating activities			
Profit for the period		**2,312**	**2,049**
Adjustments for:			
Financial charges/(income)	33-34	345	570
Current income taxes	35	387	379
Deferred tax liabilities /(assets)	35	-37	-159
Amortisation and depreciation	31	1,649	1,377
Cash flows from operating activities before changes in working capital		**4,657**	**4,215**
(Increases)/decreases in contract assets	7	-266	-80
(Increases)/decreases in trade receivables and other receivables	8-9	-852	-3,822
Increases/(decreases) in trade payables and other liabilities	19-21	3,936	4,423
Increases/(decreases) in provisions and employee benefits	18-17	35	35
Increases/(decreases) in current liabilities (assets)		-14	-19
Financial income collected		23	16
Financial charges paid		-299	-482
Taxes paid		-	-88
Net cash and cash equivalents deriving from operating activities		**7,220**	**4,198**
Cash flows from investment activities			
(Increases) in fixed assets:			
- Property, plant and equipment	1	-88	-78
- Intangible assets	3-4	-507	-361
- Business combination purchase price		-500	-
Other changes in fixed assets:			
- Financial assets	6	59	266
Net cash and cash equivalents used in investment activities		**-1,036**	**-173**
Cash flows from financing activities			
Increases/(decreases) in financial payables		-1,692	-4,825
of which:			
- New disbursements		1,470	107
- Repayments		-3,162	-4,932
Payment of lease liabilities		-179	-66
Dividends distributed	13	-3,457	-2,916
Purchase/sale of treasury shares	13	-785	-108
Exchange rate conversion differences		-27	-54
Net cash and cash equivalents used in financing activity		**-6,139**	**-7,969**
Increases/(decreases) in cash and Cash equivalents		**44**	**-3,943**
Cash and cash equivalents at the beginning of the period		**2,835**	**5,572**
Cash and cash equivalents at the end of the period (*)		**2,879**	**1,629**
Cash and cash equivalents at the end of the period (*)		**2,879**	**1,629**

(*) Bank overdrafts that are repayable on demand and which represent an integral part of the Group's liquidity (amounting to EUR 849 thousand as at 30 June 2020 and EUR 319 thousand as at 30 June 2019), are included under cash and cash equivalents.

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

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CHANGES IN SHAREHOLDERS' EQUITY

(values in thousands of Euro)

	Capital paid-in	Share premium reserve	Negative reserve for treasury shares	Other reserves	Undistributable profits	Profit for the year	Total shareholders' equity
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 profit	-	-	-	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	-	-	-	-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**

	Capital paid-in	Share premium reserve	Negative reserve for treasury shares	Other reserves	Undistributable profits	Profit for the year	Total shareholders' equity
Value as at 31 December 2019	**19,125**	**5,943**	**-1,624**	**2,705**	**2,253**	**3,017**	**31,419**
Net profit as at 30 June 2020	-	-	-	-	-	2,312	2,312
Actuarial gains (losses) of defined benefit plans net of taxes	-	-	-	-13	-	-	-13
Conversion differences	-	-	-	-2	-	-	-2
Total statement of comprehensive income	**-**	**-**	**-**	**-15**	**-**	**2,312**	**2,297**
Allocation of 2019 profit	-	-	-	4,247	-1,230	-3,017	-
Conversion of bonds	2,050	-	-	-	-	-	2,050
Purchase of treasury shares	-	-	-785	-	-	-	-785
Purchase of own bonds	-	-	-	-41	-	-	-41
Distribution of dividends	-	-	-	-2,696	-761	-	-3,457
Other changes	-	-	-	3	-27	-	-24
Value as at 30 June 2020	**21,175**	**5,943**	**-2,409**	**4,203**	**235**	**2,312**	**31,459**

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 2020

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 Imbonati 18, 20159 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 2020 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 2020, was authorised by resolution of the Company's Board of Directors of 29 September 2020.

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 consolidated interim financial statements as at 30 June 2020 were drafted in compliance with the provisions of art. 154-ter of Legislative Decree no. 58 of 24 February 1998 (TUF - Consolidated Law on Finance) and subsequent amendments and additions and in application of IAS 34. They do not include all the information required by IFRS for the drafting of the annual financial statements and, therefore, must be read together with the consolidated financial statements as at 31 December 2019.

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 2020 on the basis of the going concern assumption, which is supported by the financial and management indicators of the Group.

Use of estimates and evaluations

In drawing up the interim condensed consolidated financial statements, the company management had to formulate evaluations 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 2019.

Form and content of the document

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

- The consolidated statement of financial position is drawn up according to the layout that divides assets and liabilities into "current" and "non-current.

  An asset/liability is classified as current when it meets one of the following criteria:

  (i) it is expected to be realised/paid off or sold or used in the normal operating cycle of the Group;

  (ii) it is held primarily for trading;

  (iii) it is expected to be realised/paid off within 12 months from the reporting date;

  (iv) it refers to cash and cash equivalents, unless it is not permitted to be traded or used to pay off a liability for at least 12 months from the reporting date;

  (v) the entity does not have an unconditional right to defer the settlement of the liability for at least 12 months from the reporting date.

  Lacking the above conditions, the assets/liabilities are classified as non-current.

The consolidated income statement was drawn up based on the nature of the expenses, a form deemed more representative than the "presentation by purpose'.

- The consolidated statement of comprehensive income includes the profit (loss) for the year, the charges and income recognised directly in shareholders' equity generated by transactions other than those with shareholders.
- The consolidated statement of changes in shareholders' equity includes, in addition to the income (loss) from the comprehensive statement of income, also transactions carried out directly with shareholders that acted in that role, and the details of each single component.
- The consolidated statement of cash flows was drawn up applying the indirect method, by means of which the profit (loss) for the year is adjusted for the effects of non-monetary transactions, any deferrals or allocations of previous or future collections or payments connected with operating activities and cost and revenue elements connected with cash flows deriving from investment or financing activities.

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

It should be noted that, for a better disclosure of the data, in these financial statements, an amount of EUR 589 thousand of deferred income related to revenues from software maintenance fees collected in advance with respect to the period of accrual, was reclassified under balance sheet liabilities as at 31 December 2019 from the item "Other current payables" to the item "Contract liabilities".

III. PRINCIPLES AND SCOPE OF CONSOLIDATION

Consolidation Principles

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

a) Subsidiaries are consolidated starting on the date on which control was effectively transferred to the Group, and cease to be consolidated on the date on which control is transferred outside the Group.

b) The assets and liabilities, income and charges of the companies consolidated using the line-by-line method are fully included in the consolidated financial statements. The carrying amount of equity investments is eliminated against the corresponding portion of shareholders' equity of the investee companies, attributing to individual assets and liabilities their fair values as of the date control was acquired (acquisition method defined by IFRS 3 "Business Combinations"). Any residual difference, if positive, is recognised under the asset item "Goodwill"; if negative, it is recognised in the income statement.

c) Reciprocal payables and receivables, costs and revenues between consolidated companies and the effects of all significant transactions between them are eliminated.

d) The portions of shareholders' equity and the profit (loss) for the period of minority shareholders are recognised separately in the consolidated shareholders' equity and the consolidated income statement: these interests are determined based on the percentage held by these parties in the fair value of the assets and liabilities posted at the original acquisition date or in the changes in shareholders' equity after that date. Subsequently, the profits and losses are attributed to minority shareholders based on the percentage held by them, and the losses are attributed to minority interests even if this implies that the minority interests have a negative balance. Moreover, as the Group has adopted the Anticipated Acquisition Method in acquiring subsidiaries, it does not recognise minority interests, as it considers the subsidiaries as 100%-owned.

e) Changes in the equity interests of the parent company in a subsidiary that do not result in the loss of control are accounted for as capital transactions.

f) In the event of a loss of control, the Group eliminates the assets and liabilities of the subsidiary, any third-party interests and other components of shareholders' equity relating to the subsidiaries. Any gain or loss deriving from the loss of control is booked to profit/(loss) for the year. Any equity investment maintained in the former subsidiary is measured at fair value on the date of the loss of control.

Scope of consolidation

These condensed interim consolidated financial statements as at 30 June 2020 include the financial statements of the Parent Company Piteco S.p.A. and the financial statements drawn up at the same date of the companies over which it directly or indirectly has control. Control is obtained when the Group is exposed to variable returns deriving from its involvement with the entity or has rights to said returns by having, at the same time, the ability to influence them by exercising its power over that entity.

The complete list of equity investments included in the scope of consolidation as at 30 June 2020, indicating the consolidation method, is shown below.

Company Name	Registered Office	Share Capital	currency	% Ownership	held by	Type of consolidation
Piteco S.p.A. ("Piteco")	Italy	21,175	Euro	n/a	n/a	Consolidating entity
Piteco North America, Corp ("Piteco NA")	USA	10	USD[4]	100%	Piteco S.p.A.	Line-by-line
Juniper Payments, LLC ("Juniper")	USA	3,000	USD	60%[5]	Piteco North America, Corp.	Line-by-line
Myrios S.r.l. ("Myrios")	Italy	50	Euro	56%[6]	Piteco S.p.A.	Line-by-line
Myrios Switzerland SA ("Myrios Ch")	Switzerland	100	CHF	56%	Myrios S.r.l.	Line-by-line

Conversion of financial statements expressed in foreign currency

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

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

The exchange rates applied in converting the financial statements of companies located outside the Eurozone are shown below.

Currency	Exchange rate as at 30 June 2020 (*)	Average exchange rate as at 30 June 2020 (*)	Exchange rate as at 31 December 2019 (*)	Average exchange rate as at 30 June 2019 (*)
USD - US dollar	1.12	1.10	1.12	1.13
CHF - Swiss Franc	1.07	1.06	1.09	1.13

(*) Source: Bank of Italy.

IV. INFORMATION REGARDING IFRS 3

On 31 March 2020, the acquisition by the Parent Company Piteco S.p.A. of the business unit from the company Everymake S.r.l. was completed which includes cloud software products for data matching, primarily financial data, offering vertical solutions for the utilities sector, financial companies, consumer credit, leasing and factoring companies and other similar sectors.

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

5 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 consolidated financial statements, the Put Option reserved for minority shareholders of 40% of the share capital was recorded.

6 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 consolidated financial statements, the Put Option reserved for minority shareholders of 44% of the share capital was recorded.

The operation is a business combination, recognised in compliance with IFRS 3 “Business Combinations”. To that end, at the date of acquisition of control, the single assets acquired and liabilities assumed were recognised at their fair value, as provisional accounting separate from goodwill.

The measurement of the business unit acquired pursuant to IFRS 3 Revised, i.e., recognising the fair value of assets, liabilities and contingent liabilities at the acquisition date, should be deemed provisional at the moment, as, pursuant to IFRS 3 Revised, the measurement becomes definitive within 12 months from the acquisition. Moreover, no significant changes are expected. The value attributed to the assets acquired and liabilities assumed was determined by the Parent Company’s management with the help of an external expert.

The table below summarises the fair value at the acquisition date of the main components of the consideration transferred, in addition to the assets acquired and liabilities assumed at that date:

(values in thousands of Euro)

Description	Values
Property, plant and equipment	1
Intangible assets	556
Total assets	**557**
Employee benefits	4
Current liabilities	10
Total liabilities	**14**
Fair value of the assets acquired	**543**
Total cost of the acquisition	872
Goodwill deriving from the acquisition	329
Effective cash outlay	**872**

The total cost of the acquisition includes the price paid at the closing on 31 March 2020, equal to EUR 535 thousand and the earn-out envisaged in the contract, equal to EUR 337 thousand (which equals the discounted fair value at the closing date).

Goodwill (EUR 329 thousand) was determined as the difference between the fair value of the consideration and the fair value of the net assets acquired.

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

The accounting standards adopted to draft the condensed interim consolidated financial statements conform to those used for the preparation of the consolidated financial statements as at 31 December 2019 and outlined in the Annual financial report under note IV. “Accounting standards and amendments to the standards adopted by the group”, with the exception of the standards, interpretations and amendments whose application is mandatory from 1 January 2020. An in-depth description of the newly applied standards, interpretations and amendments is provided below.

Amendments to IFRS 3: Definition of a business

The amendments to IFRS 3 clarify that, in order to be considered a business, an integrated set of activities and assets must include, as a minimum, an input and a substantive process that together contribute significantly to the ability to create an output. Furthermore, it was clarified that a business can exist without including all of the inputs and processes needed to create outputs. The Group's directors applied their judgment and took account of the updated definitions to identify and evaluate the business subject to the combination which took place during the year as such. These amendments must also be considered in future acquisitions in order to evaluate whether the set of assets and activities acquired represents a business or not pursuant to IFRS 3 and, subsequently, whether the acquisition method is considered applicable.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest rate benchmark reform

The amendments to IFRS 9 and IAS 39 Financial instruments provide a series of expedients, that apply to all hedging relationships that are directly concerned by the interest rate benchmark reform. A hedging relationship is influenced if the reform generates uncertainties over the timing and/or amount of the benchmark-based cash flows of the hedged item or of the hedging instrument.

The Group does not currently have any interest rate hedges in place.

Amendments to IAS 1 and IAS 8: Definition of material

The amendments provide a new definition of material in which it is affirmed that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements, considered as a whole. Information is obscured if it is communicated in a way that would have, for primary users of financial statements, a similar effect to omitting or misstating the same information".

VI. INFORMATION ON FINANCIAL RISK

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

Credit risk management - Credit risk constitutes the Group's exposure to potential losses deriving from the non-fulfilment of obligations taken on by both trade and financial counterparties. In order to control that risk, the Group has consolidated procedures and actions to assess customers' credit standing and has optimised the specific recovery strategies for various customer segments. In selecting counterparties for managing temporarily surplus financial resources and in entering into any financial hedging contracts (derivatives), the Group avails itself only of counterparties with high credit standing. The continuous preventive procedures to check the solvency and reliability of customers, as well as the monitoring of payments, guarantee adequate risk reduction.

In that regard, note that as at 30 June 2020 there was no significant risk exposure connected with the possible deterioration of the overall financial situation nor significant levels of concentration on single, non-institutional counterparties. The Group allocates bad debt provisions for impairment which reflects the estimate of losses on trade receivables and other receivables, whose main components are individual write-downs of specific exposures and collective write-downs of homogeneous groups of assets in relation to losses that have not been individually identified.

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

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

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

Liquidity risk management - Liquidity risk represents the risk that, due to the inability to obtain new funds (funding liquidity risk) or to liquidate assets on the market (asset liquidity risk), the company is unable to cover its payment commitments, resulting in an impact on the income statement result if the company is forced to incur additional costs to cover its commitments or, as an extreme consequence, a situation of insolvency that puts the company's business at risk.

The Group's objective is to implement, as part of the financial plan, a financial structure which, in line with the objectives of the business and growth through external lines, ensures an adequate level of liquidity for the Group, optimising the opportunity cost, and to maintain a balance in terms of duration and composition of debt.

The Group has had access to a wide range of funding sources through the credit system and capital markets (loans from leading national banks and bond loans). The objective of the Piteco Group is to maintain a balanced debt structure, in terms of composition between bonds and bank loans, in line with the profile of the business the Piteco Group operates in and in line with its plans for medium/long-term growth by acquiring players that provide products and services complementary to its own.

Group cash and cash equivalents exclusively refer to bank deposits whose counterparties are banks with high credit ratings.

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

Non-current financial liabilities	30/06/2020	31/12/2019	Change
Long-term unsecured bank borrowings	7,451	6,261	1,190
Non-current lease liabilities	2,348	2,356	-8
Other non-current financial liabilities	344	-	344
Long-term financial instruments	12,927	12,859	68

Current portion of financial liabilities	30/06/2020	31/12/2019	Change
Current account overdrafts	849	211	638
Current unsecured bank borrowings	2,568	3,424	-856
Current lease liabilities	466	227	239
Bond loan	1,833	3,921	-2,088
Other current financial liabilities	35	1,953	-1,918

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

	30/06/2020	31/12/2019	Change
Within 6 months	1,868	3,327	-1,459
From 6 to 12 months	3,882	6,409	-2,527
From 1 to 5 years	20,842	18,750	2,092
Over 5 years	2,229	2,726	-497

Fair Value Hierarchy

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 2020, by level of the fair value measurement hierarchy.

Description	Value at 30/06/2020	Level 1	Level 2	Level 3
Financial assets				
Other non-current financial assets	569	-	-	-
Current trade receivables	7,002	-	-	-
Other current receivables	723	-	-	-
Other current financial assets	100	-	-	-
Cash and cash equivalents	3,727	-	-	-
Financial assets	**12,121**	**-**	**-**	**-**
Financial liabilities				
Non-current financial liabilities	10,143	-	-	344
Long-term derivative financial instruments	12,927	-	-	12,927
Current trade payables	1,084	-	-	-
Other current payables	3,201	-	-	-
Current financial liabilities	5,751	-	-	-
Total liabilities	**33,106**	**-**	**-**	**13,271**

VII. 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 information relating to each segment subject to disclosure is presented below. The EBITDA of the sector is used to evaluate its trend. In fact, the company management believes that this information is more pertinent for the purposes of the evaluation of the segment results with respect to other competing companies.

Piteco
FINANCIAL SOFTWARE & CONSULTING

	30/06/2020				30/06/2019			
Income Statement	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**
Revenue from contracts with customers	11,043	7,607	2,205	1,231	10,587	7,003	2,228	1,356
Other operating revenues	651	402	70	179	433	374	31	28
Change in contract assets	267	177		90	80	18		62
Operating revenues	**11,961**	**8,186**	**2,275**	**1,500**	**11,100**	**7,395**	**2,259**	**1,446**
Goods and consumables	148	118	1	29	150	140	1	9
Personnel costs	4,958	3,556	798	604	4,564	3,310	726	528
Costs for services	2,036	1,058	812	166	2,108	1,152	753	203
Other operating costs	198	176	13	9	107	46	8	53
Operating costs	**7,340**	**4,908**	**1,624**	**808**	**6,929**	**4,648**	**1,488**	**793**
EBITDA	**4,621**	**3,278**	**651**	**692**	**4,171**	**2,747**	**771**	**653**

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

	30/06/2020				31/12/2019			
Balance sheet	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**
Non-current assets	62,829	41,953	7,402	13,474	62,697	41,324	7,951	13,422
Current assets	11,930	7,391	2,231	2,308	10,133	5,171	2,324	2,638
Non-current liabilities	26,927	24,906	1,745	276	25,367	23,363	1,747	257
Current liabilities	16,373	14,445	408	1,520	16,044	14,908	109	1,027

VIII. 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 2020 are shown below:

Property, plant and machinery	**31/12/2019**	**Increases**	**Decreases**	**Exchange rate effect**	**30/06/2020**
Land	323	-	-	-	323
Buildings	2,014	-	-	2	2,015
Accum. depreciation - buildings	-564	-29	-	-	-593
Land and buildings	**1,773**	**-29**	**-**	**2**	**1,745**
Plants and machinery	292	21	-	-	314
Accum. depreciation - plant and machinery	-155	-13	-	-	-168
Plants and machinery	**137**	**8**	**-**	**-**	**146**
Ind. and commercial equipment	6	-	-	-	6
Accum. depreciation - ind. and commercial equipment	-6	-	-	-	-6
Vehicles	50	-	-	-	50
Accum. depreciation - vehicles	-39	-2	-	-	-41
Furniture and furnishings	286	36	-	-	322
Accum. depreciation - furniture and furnishings	-212	-13	-	-	-225
Electronic machines	213	29	-	-	242
Accum. depreciation - electronic machines	-150	-12	-	-	-163
Other property, plant and equipment	328	3	-	1	332
Accum. depreciation - other property, plant and equipment	-210	-22	-	-	-232
Other assets	**266**	**19**	**-**	**1**	**285**
Total	**2,176**	**-2**	**-**	**3**	**2,176**

Land and buildings

These amounted to EUR 1,745 thousand (EUR 1,773 thousand as at 31 December 2019) and refer to the property in Via Mercalli 16, Milan, the registered office and operational headquarters of the Parent Company until December 2019 and the property in Wichita, Kansas, operational headquarters of the US subsidiary Juniper Payments, LLC. From 9 December 2019, Piteco's registered office and operational headquarters were moved to the new leased building in via Imbonati 18 in Milan. The company management is currently deciding on the use of the building in via Mercalli. However, any change of use will not have a significant impact on the valuation of the property, given that its fair value is in line with the book value at the reporting date.

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

Plants and machinery

These amounted to EUR 146 thousand (EUR 137 thousand as at 31 December 2019) and mainly refers to accessory plants at the Parent Company headquarters.

Other assets

These amounted to EUR 285 thousand (EUR 266 thousand as at 31 December 2018) and referred mainly to furniture and furnishings, electronic office machines and other assets.

2 Assets for rights-of-use

The changes in assets for rights-of-use as at 30 June 2020 are shown below:

Assets for rights of use	31/12/2019	Increases	Other changes	30/06/2020
Buildings - rights-of-use	1,579		1	1,580
Accum. depreciation - buildings - rights-of-use	-87	-121	-1	-209
Buildings - rights-of-use	**1,492**	**-121**	**-**	**1,371**
Other property, plant and equipment - rights-of-use	468	378	-	846
Accumulated depreciation - Other property, plant and equipment - rights-of-use	-121	-113	-1	-236
Other assets - rights-of-use	**347**	**265**	**-1**	**610**
Total	**1,839**	**144**	**-1**	**1,981**

The increase in other fixed assets is attributable, for EUR 345 thousand, to the stipulation of lease contracts for furniture and fixtures of the registered office of the Parent Company Piteco S.p.A. located in Milan, via Imbonati 18.

3 Goodwill

The changes in goodwill as at 30 June 2020 are shown below:

Goodwill	31/12/2019	Increases	Decreases	30/06/2020
Goodwill	41,426	330	-	41,756
Total	**41,426**	**330**	**-**	**41,756**

The goodwill amounted to EUR 41,756 thousand as at 30 June 2020 (EUR 41,426 thousand as at 31 December 2019) and refers:

- to EUR 27,219 thousand for the deficit arising as a result of the reverse merger following the leveraged buyout by Piteco, with legal effect from 11 July 2013;

- to EUR 472 thousand attributed to the value posted to goodwill following the acquisition of the "Centro Data" business unit in 2015 by Piteco;
- to EUR 1,180 thousand attributed to the value posted to goodwill following the acquisition of the "LendingTools" business unit by Juniper in April 2017;
- to EUR 12,554 thousand attributed to the value posted to goodwill following the acquisition of Myrios S.r.l. in October 2018;
- to EUR 330 thousand attributed to the value posted to goodwill following the acquisition of the "Everymake S.r.l." business unit on 31 March 2020 by Piteco.

The Group conducts an impairment test annually (as at 31 December) and when the circumstances indicate the possibility of a reduction in the recoverable value of goodwill. The impairment tests conducted as at 31 December 2019 had highlighted significant positive margins (headroom) for all *Cash Generating Units* ("CGUs") to which Group goodwill is allocated. The broadly positive margins were also confirmed following the sensitivity analyses conducted on the main assumptions underpinning the tests. In consideration of the impacts that COVID-19 had on the Group's performance, in addition to the normal analysis of the presence of trigger events, no impairment test was conducted as at 30 June 2020, given no indicator of impairment was recorded as such to suggest significant risks regarding the possible existence of long-lasting impairment in relation to the goodwill booked to the financial statements.

4 Other intangible assets

The changes in other intangible assets as at 30 June 2020 are shown below:

Other intangible assets	31/12/2019	Increases	Reclassifications	Exchange rate effect	30/06/2020
Concessions, licences and trademarks	18	2	-	-	19
Accum. amortisation - Concessions, licences and trademarks	-11	-1	-	-	-12
Software	25,119	694	-	29	25,841
Accum. amortisation - software	-13,736	-1,166	-	-1	-14,902
Concessions, licences and trademarks	**11,390**	**-471**	**-**	**28**	**10,946**
Other intangible assets	4,162	-	16	-	4,177
Accum. amortisation - other intangible assets	-400	-155	-	-	-555
Other intangible assets	**3,762**	**-155**	**16**	**-**	**3,622**
Intangible assets under construction	**322**	**367**	**-16**	**1**	**673**
Total	**15,474**	**-259**	**-**	**29**	**15,241**

Concessions, licences and trademarks

The net balance amounted to EUR 10,946 thousand (EUR 11,390 thousand as at 31 December 2019) and is comprised of EUR 10,939 thousand for software rights and EUR 7 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, the proprietary software Myrios and the proprietary software Everymake, in addition to rights to use third party software. In particular, the increases in the item software concern, for EUR 556 thousand, the purchase made in March 2020, of the Everymake business unit and the purchases made during the half.

Other intangible assets

Other intangible assets, equal to EUR 3,622 thousand (EUR 3,762 thousand as at 31 December 2019), comprise EUR 3,575 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 46 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; the customer list of the company Myrios is expected to be amortised over 14 years.

Fixed assets under construction

Fixed assets under construction, equal to EUR 673 thousand (322 thousand as at 31 December 2019), mainly represent capitalised costs incurred in the development of software by Juniper Payments LLC, Myrios S.r.l. and Piteco S.p.A.. The projects are expected to be completed by the end of 2020.

5 Deferred tax assets

Deferred tax assets of EUR 1,106 thousand (EUR 1,153 thousand as at 31 December 2019) 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 assets

The item in question breaks down as follows:

Other non-current financial assets	30/06/2020	31/12/2019	Change	From 1 to 5 years	Over 5 years
Non-current financial assets due from parent companies	559	609	-50	420	139
Non-current financial assets due from parent companies, affiliates and associates	**559**	**609**	**-50**	**420**	**139**
Security deposits	10	20	-10	10	
Other non-current assets	**10**	**20**	**-10**	**10**	
Total	**569**	**629**	**-60**	**430**	**139**

The non-current financial receivable due from the Parent Company of EUR 559 thousand relates to the accounting of the multi-year lease agreement for the equipped premises at the registered office in via Imbonati 18, Milan, deriving from application of accounting standard IFRS 16.

7 Contract assets

The item in question breaks down as follows:

Contract assets	Opening balance	Increases	Decreases	Closing balance
Contract assets	107	374	-107	374
Total	**107**	**374**	**-107**	**374**

The contract assets of the Parent Company and the subsidiary Myrios S.r.l. 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 trade receivables

The item in question breaks down as follows:

Current trade receivables	30/06/2020	31/12/2019	Change
Current receivables from customers	7,182	6,434	748
Bad debt provision - current receivables due from customers	-239	-147	-92
Trade receivables	**6,943**	**6,287**	**656**
Current receivables due from parent companies	42	59	-17
Current receivables due from affiliates	17	22	-5
Receivables due from parent companies, affiliates and associates	**59**	**81**	**-22**
Total	**7,002**	**6,368**	**634**

Receivables from customers, amounting to EUR 6,943 thousand (EUR 6,287 thousand as at 31 December 2019), are shown at their fair value, net of the corresponding bad debt provisions which, as at 30 June 2020, amounted to EUR 239 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	147	-2	94	239

The increase in the bad debt provision was necessary to take account of the effect of COVID-19 on the recoverability of receivables due from customers.

9 Other current receivables

The item in question breaks down as follows:

Other current receivables	30/06/2020	31/12/2019	Change
Tax receivables	63	54	9
Current prepaid expenses	441	204	237
Other current receivables	103	136	-33
Current VAT credits	89	81	8
Receivables from employees	26	23	3
Adjustment of receivables in currency	1	3	-2
Total	**723**	**501**	**222**

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 54 thousand.

10 Current tax assets

The item in question breaks down as follows:

Current tax assets	30/06/2020	31/12/2019	Change
IRAP Receivables	-	1	-1
Other current tax assets	4	10	-6
Total	**4**	**11**	**-7**

Current tax assets of EUR 4 thousand (EUR 11 thousand as at 31 December 2019) relate to the subsidiary Juniper Payments, LLC.

11 Other current financial assets

The item in question breaks down as follows:

Other current financial assets	30/06/2020	31/12/2019	Change
Current financial receivables due from parent companies	100	99	1
Total	**100**	**99**	**1**

12 Cash and cash equivalents

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

Cash and cash equivalents	30/06/2020	31/12/2019	Change
Bank deposits	3,727	3,046	681
Total	**3,727**	**3,046**	**681**

13 Shareholders' equity

As at 30 June 2020 the share capital was fully subscribed and paid in, composed of 18,851,500 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 3,049 thousand from the conversion of 726 bonds into 726,000 new shares. In the first half of 2020, the share capital increase of EUR 2,050 thousand was determined by the conversion of 488 bonds into 488,000 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.

	30/06/2020	31/12/2019	Change
Capital paid-in	21,175	19,125	2,050
Share Capital	**21,175**	**19,125**	**2,050**
Share premium reserve	**5,943**	**5,943**	**-**
Negative reserve for treasury shares in portfolio	**-2,409**	**-1,624**	**-785**
Legal reserve	1,067	854	213
Extraordinary reserve	7,097	5,521	1,576
IAS reserve	-59	-59	-
Other reserves	139	375	-236
Listing reserve	-963	-963	-
Convertible bond loan issue reserve	-	41	-41
Put option reserve	-2,427	-2,427	-
Remeasurement of defined-benefit plans (IAS 19)	-66	-53	-13
Effect of conversion of Shareholders' Equity	-585	-584	-1
Other reserves	**4,203**	**2,705**	**1,498**
Undistributable profits	**235**	**2,253**	**-2,018**
Net profit for the year	**2,312**	**3,017**	**-705**
Total	**31,459**	**31,419**	**40**

On approving the financial statements for the year ended as at 31 December 2019, the shareholders' meeting of the Parent Company Piteco S.p.A. approved the distribution of dividends of EUR 2,696 thousand.

In addition, also the shareholders' meetings of the subsidiaries Myrios and Juniper, on approving the financial statements for the year ended as at 31 December 2019, approved the distribution of dividends. The share of dividends due to the minority shareholders of Myrios and Juniper was EUR 601 thousand and EUR 160 thousand respectively.

During the first half of 2020, 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 2020 the Group held 454,303 treasury shares, equal to 2.437% of the share capital, for a total value of EUR 2,409 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	30/06/2020	31/12/2019	Change	From 1 to 5 years	Over 5 years
Long-term unsecured bank borrowings	7,451	6,261	1,190	7,451	-
Long-term bank borrowings	**7,451**	**6,261**	**1,190**	**7,451**	**-**
Non-current lease liabilities	2,348	2,356	-8	1,864	484
Non-current lease liabilities	**2,348**	**2,356**	**-8**	**1,864**	**484**
Other non-current financial payables	344	-	344	344	-
Other non-current financial liabilities	**344**	**-**	**344**	**344**	**-**
Total	**10,143**	**8,617**	**1,526**	**9,659**	**484**

Long-term bank borrowings

Amounts due to banks refer to three unsecured loans with an original amount totalling EUR 15.25 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 values 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 values 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 1.25 million, entered into on 28 January 2020, maturing on 31 December 2024, with an interest rate of Euribor 3 months + 1% spread, for the purpose of acquiring the treasury shares of Piteco S.p.A.. The loan in place, which may increase the nominal debt up to a maximum of EUR 3.7 million by 31 December 2020, has a period of pre-amortisation until 31 December 2020 and is guaranteed by a pledge established in favour of the lender on

said Piteco S.p.A. treasury shares acquired. It also presents the following covenants to be respected in relation to the consolidated financial statements: NFP/SE < 1 and NFP/EBITDA < 3. It is also noted that the values of the covenants, as set out in the loan agreement, are calculated by the Group using data extracted from the Consolidated Financial Statements drawn up in accordance with the international accounting standards (IAS/IFRS), but excluding the aforementioned payables for any put options from the calculation.

Based on the current and expected results, the company management has not identified any criticalities regarding observance of said financial parameters.

Non-current lease liabilities

These liabilities refer to the accounting of lease agreements based on IFRS 16.

Other non-current financial payables

The amount derives from the earn-out to be paid as part of the purchase transaction of the Everymake S.r.l. business unit upon verification of given performances.

15 Long-term derivative financial instruments

The changes recorded in the first half of 2020 are shown below:

Long-term derivative financial instruments	30/06/2020	31/12/2019	Change	From 1 to 5 years	Over 5 years
Put option	12,927	12,859	68	11,182	1,745
Total	**12,927**	**12,859**	**68**	**11,182**	**1,745**

The amount of EUR 12,927 thousand (EUR 12,859 thousand as at 31 December 2019) 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 2020 was USD 2.0 million (EUR 1.7 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 2020 came to EUR 11.2 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 12,927 thousand was recognised.

For the Juniper Payments option, the recalculation of the fair value as at 30 June 2020, 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 8 thousand. 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 71 thousand.

16 Deferred tax liabilities

The changes recorded in the first half of 2020 are shown below:

Deferred tax liabilities	30/06/2020	31/12/2019	Change	From 1 to 5 years
Other non-current deferred tax liabilities	2,352	2,439	-87	2,352
Total	**2,352**	**2,439**	**-87**	**2,352**

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

17 Employee benefits

The changes in employee benefits are shown below:

Employee benefits	Opening balance	Actuarial measurements	Increases	Closing balance
Employee severance indemnity	1,398	18	33	1,449
Total	**1,398**	**18**	**33**	**1,449**

18 Long-term provisions

The changes recorded in the first half of 2020 are shown below:

Long-term provisions	Opening balance	Increases	Decreases	Closing balance
Agents’ leaving indemnities	54	2	-	56
Total	**54**	**2**	**-**	**56**

Provisions for risks and charges are solely composed of the Parent Company's provisions for agents' leaving 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 trade payables

The change in current payables is shown below:

Current trade payables	30/06/2020	31/12/2019	Change
Current payables due to suppliers	967	826	141
Invoices to be received	38	40	-2
Trade payables	**1,005**	**866**	**139**
Current payables due to parent companies	79	61	18
Payables due to parent companies, affiliates and associates	**79**	**61**	**18**
Total	**1,084**	**927**	**157**

Payables due to suppliers, including the allocations for invoices to be received, amounted to EUR 1,005 thousand as at 30 June 2020 (EUR 866 thousand as at 31 December 2019) and are all short term.

Current payables due to parent companies represent trade payables for EUR 79 thousand (EUR 61 thousand as at 31 December 2019).

20 Contract liabilities

The changes recorded in the first half of 2020 are shown below:

Contract liabilities	30/06/2020	31/12/2019	Change
Advances from customers on works still not completed	507	597	-90
Advances from customers relating to software maintenance fees	4,287	433	3,854
Total	**4,794**	**1,030**	**3,764**

Contract liabilities are composed of EUR 507 thousand (EUR 597 thousand as at 31 December 2019) for advances from customers for works still not completed and EUR 4,287 thousand (EUR 433 thousand as at 31 December 2019) for revenues for software maintenance fees collected early with respect to the period of accrual.

The amount of EUR 1,026 thousand recorded under contract liabilities as at 31 December 2019 was accounted for under revenues in the six-month period ended at 30 June 2020.

21 Other current payables

Other current payables are shown in the table below:

Other current payables	30/06/2020	31/12/2019	Change
Current payables for wages and salaries	1,815	1,780	35
Payables for social security charges	490	695	-205
Current accrued trade expenses	100	117	-17
Other current payables	200	42	158
Current deferred trade income	138	171	-33
VAT payables due to tax authorities	178	1	177
Payables for withholdings	223	319	-96
Adjustment of payables in currency	3	-	3
Other social security payables	54	60	-6
Total	**3,201**	**3,185**	**16**

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22 Current tax liabilities

Current tax liabilities amounted to EUR 1,543 thousand as at 30 June 2020 (EUR 1,166 thousand as at 31 December 2019) and break down as follows:

Current tax liabilities	30/06/2020	31/12/2019	Change
Payables due to parent company for tax consolidation	1,361	1,022	339
Payables for IRAP taxes	145	138	7
Other current tax liabilities	37	6	31
Total	**1,543**	**1,166**	**377**

Other current tax liabilities are comprised of payables for current taxes of the US subsidiary Piteco North America for EUR 37 thousand.

23 Current financial liabilities

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

Current financial liabilities	30/06/2020	31/12/2019	Change
Current account overdrafts	849	211	638
Current unsecured bank borrowings	2,568	3,424	-856
Current bank borrowings	**3,417**	**3,635**	**-218**
Current lease liabilities	466	227	239
Current lease liabilities	**466**	**227**	**239**
Convertible bond	1,833	3,921	-2,088
Other current financial liabilities	35	1,953	-1,918
Other current financial liabilities	**1,868**	**5,874**	**-4,006**
Total	**5,751**	**9,736**	**-3,985**

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 15.25 million. For details on the characteristics of the loans, refer to point 14 of these explanatory notes to the financial statements.

Current lease liabilities

The amount relates to the short-term portion of the liabilities relating to lease agreements accounted for on the basis of IFRS 16.

Convertible 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. At the expiry date set for 31 July 2020, the bond was fully converted or reimbursed as mentioned in the report on operations.

Other current financial liabilities

The amount of EUR 35 thousand relates to the price adjustment to the purchase of the Everymake business unit which took place in March 2020.

24 Revenue from contracts with customers

Revenues from contracts with customers amounted to EUR 11,043 thousand (EUR 10,587 thousand as at 30 June 2019), recording an increase of EUR 456 thousand compared to the corresponding figure in the half of 2019.

The revenues of the Parent Company Piteco S.p.A. were equal to EUR 7,607 thousand (EUR 7,003 thousand as at 30 June 2019).

Revenues by service type

The breakdown of revenues by service type is shown below:

Revenue from contracts with customers	30/06/2020		30/06/2019		Change
Maintenance fees	3,271		3,213		58
Application management fees	849		727		122
Usage fees	1,188		966		222
Total Fees	**5,308**	**48.07%**	**4,906**	**46.34%**	**402**
Software licence sales	751		903		-152
Total Software	**751**	**6.80%**	**903**	**8.53%**	**-152**
Professional activities and services	2,390		2,186		204
Other revenues from sales	42		2		40
Software customisations	345		359		-14
Commissions and Royalties	2		3		-1
Total activities and services	**2,779**	**25.17%**	**2,550**	**24.09%**	**229**
Digital payments and clearing house revenues	2,205		2,228		-23
Total digital payments and clearing house revenues	**2,205**	**19.97%**	**2,228**	**21.04%**	**-23**
Total	**11,043**		**10,587**		**456**

As regards the breakdown of revenues by geographic area, note that Piteco S.p.A. and Myrios S.r.l. invoiced predominantly Italian entities, Juniper Payments, LLC exclusively US entities and Myrios Switzerland SA exclusively Swiss entities.

The following table presents the main services offered by the Group and the nature and associated terms for the fulfilment of performance obligations.

Goods and services	Nature and terms for fulfilment of obligations
Fees	The Group records revenues over the duration of the contract, generally 12 months.
Software licences (one-off amount)	The Group records the revenue at the time the software is provided to the customer, which generally occurs straight after the contract is signed.
Professional activities and services	Revenues are recognised over the course of time according to the cost-to-cost method. The relevant costs are booked to profit/(loss) for the year when they are incurred. Advances are recognised under contract liabilities.

25 Other operating revenues

The balance of "Other operating revenues" as at 30 June 2020 was EUR 651 thousand (EUR 433 thousand as at 30 June 2019) including increases in internal work capitalised for EUR 503 thousand, expense reimbursements from customers for EUR 78 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	30/06/2020	30/06/2019	Change
Recovery of costs for services	90	172	-82
Capitalisation of intangible assets	503	231	272
Other operating revenues	58	30	28
Total	**651**	**433**	**218**

26 Changes in contract assets

The changes recorded in the reference period are shown below:

Change in contract assets	30/06/2020	30/06/2019	Change
Final contract assets	374	208	166
Initial contract assets	-107	-128	21
Total	**267**	**80**	**187**

The item "Changes in assets deriving from contracts" relates to the change in contracts still not completed at the end of the period 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 148 thousand (EUR 150 thousand as at 30 June 2019).

Goods and consumables	30/06/2020	30/06/2019	Change
Purchase of finished products	141	147	-6
Other purchases	7	3	4
Goods and consumables	**148**	**150**	**-2**
Total	**148**	**150**	**-2**

28 Personnel costs

Personnel costs for employees are shown in the table below:

Personnel costs	30/06/2020	30/06/2019	Change
Wages and salaries	3,817	3,525	292
Social security charges	917	859	58
Allocations to pension funds and other	224	180	44
Total	**4,958**	**4,564**	**394**

Employees of the Group as at 30 June 2020 totalled 126 resources (122 resources as at 31 December 2019). 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	30/06/2020	30/06/2019	Change
External maintenance	147	171	-24
Consulting, administrative and legal services	873	799	74
Utilities	65	67	-2
Promotional and marketing costs	55	72	-17
Bonuses and commissions	40	42	-2
Miscellaneous services	391	430	-39
Insurance	85	51	34
Travel and transfer expenses	87	202	-115
Fees and compensation to directors	53	31	22
Services for personnel	65	70	-5
Other costs	20	8	12
Leases payable	34	55	-21
Rentals and other	60	52	8
Royalties	61	58	3
Total	**2,036**	**2,108**	**-72**

As a percentage of revenues, the incidence of costs for services was almost unchanged compared to the previous half, standing at roughly 16%.

Costs for leases payable and rentals relate to lease agreements excluded from the application of IFRS 16 (low-value assets, short-term contracts, contracts with variable payments).

30 Other operating costs

Other costs are shown in the table below:

Other operating costs	30/06/2020	30/06/2019	Change
Other taxes (not on income)	16	11	5
Fines and penalties	3	2	1
Contributions and donations	17	3	14
Magazine and subscription fees	3	4	-1
Contingent liabilities	65	59	6
Allocations to bad debt provision	94	28	66
Total	**198**	**107**	**91**

The increase in the period relates mostly to the allocation to the bad debt provision, whose adjustment was necessary to take account of the effect of COVID-19 on the recoverability of receivables due from customers.

31 Amortisation and depreciation

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

Amortisation and depreciation	30/06/2020	30/06/2019	Change
Depreciation of property, plant and equipment	91	93	-2
Amortisation of assets for rights of use	234	69	165
Amortisation of intangible assets	1,324	1,214	110
Total	**1,649**	**1,376**	**273**

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	30/06/2020	30/06/2019	Change
Exchange rate gains	36	45	-9
Total	**36**	**45**	**-9**

During the year, the Group recorded net exchange gains of EUR 36 thousand, of which EUR 24 thousand unrealised.

33 Financial income

The table below provides details of financial income:

Financial income	30/06/2020	30/06/2019	Change
Interest from other financial investments	5	-	5
Interest on bank and postal current accounts	3	3	-
Interest and trade discounts receivable	7	3	4
Income on Put options	8	10	-2
Total	**23**	**16**	**7**

34 Financial charges

The table below provides details of financial charges:

Financial charges	30/06/2020	30/06/2019	Change
Interest on non-current payables due to banks	105	278	-173
Interest on lease payables	6	4	-3
Interest on other non-current payables	246	164	82
Interest on other current payables	11	141	-130
Total	**368**	**587**	**-219**

35 Income taxes

Income taxes estimated for the first half of 2020 are analysed in the table below:

Income taxes	30/06/2020	30/06/2019	Change
IRAP income taxes	144	72	72
IRES income taxes	338	203	135
Taxes from previous years	-134	42	-176
Deferred tax assets	50	-67	117
Deferred tax liabilities	-87	-92	5
Income taxes of foreign subsidiaries	40	62	-22
Total	**351**	**220**	**131**

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

Effects of deferred tax assets and liabilities - IRES	30/06/2020		31/12/2019	
	Temporary Difference	Taxes (rate of 24-20%)	Temporary Difference	Taxes (rate of 24-20%)
Amortisation of trademarks	22	5	33	8
Agents' leaving indemnities	7	2	7	2
Actuarial measurement of employee severance indemnity	241	58	223	54
Other costs with deferred deductibility	1,679	403	2,173	522
Exchange rate differences from measurement	832	200	857	206
Amortisation of software - Piteco North America	1,898	380	1,185	284
Deferred tax assets	**4,679**	**1,048**	**4,478**	**1,076**
Higher value of property	388	93	395	95
Amortisation of "Centro data" (data centre) goodwill	144	35	131	31
Consolidation adjustments	7,481	1,795	7,798	1,871
Other deferred tax liabilities	484	116	484	116
Deferred tax liabilities	**8,497**	**2,039**	**8,808**	**2,113**
Total	**-3,818**	**-991**	**-4,330**	**-1,037**

Effects of deferred tax assets and liabilities - IRAP	30/06/2020		31/12/2019	
	Temporary Difference	Taxes (rate of 3.9%)	Temporary Difference	Taxes (rate of 3.9%)
Amortisation of trademarks	22	1	33	1
Agents' leaving indemnities	4		4	
Other costs with deferred deductibility	1,482	58	1,976	77
Deferred tax assets	**1,508**	**59**	**2,013**	**78**
Higher value of property	388	15	395	15
Amortisation of "Centro data" (data centre) goodwill	144	6	131	5
Consolidation adjustments	7,481	292	7,798	304
Deferred tax liabilities	**8,013**	**313**	**8,324**	**324**
Total	**-6,505**	**-254**	**-6,311**	**-246**

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.

IX. COMMITMENTS AND GUARANTEES

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

Commitments and guarantees	30/06/2020	31/12/2019
Sureties, personal guarantees and collateral to third parties	78	318
Total	**78**	**318**

As at 30 June 2020 the Parent Company granted guarantees of EUR 78 thousand in the form of sureties primarily for participation in tenders.

X. TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

In addition to the information provided in the Report on Operations on transactions with parent companies and affiliates, note that during 2020 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 805 thousand.

XI. NET FINANCIAL POSITION

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

Reclassified statement of financial position	30/06/2020	31/12/2019	Change
A. Cash	-	-	-
B. Other cash and cash equivalents	3,727	3,046	681
C. Securities held for trading	-	-	-
D. Liquidity (A+B+C)	**3,727**	**3,046**	**681**
E. Current financial receivables	**100**	**99**	**1**
F. Current bank borrowings	849	211	638
G. Current portion of non-current indebtedness	2,568	7,345	-4,777
H. Other current financial payables	2,334	2,180	154
I. Current financial indebtedness (F+G+H)	**5,751**	**9,736**	**-3,985**
J. Net current financial indebtedness (I-E-D)	**1,924**	**6,591**	**-4,667**
K. Long-term bank borrowings	7,451	6,261	1,190
L. Bonds issued	-	-	-
M. Other non-current payables	15,619	15,215	404
N. Non-current financial indebtedness (K+L+M)	**23,070**	**21,476**	**1,594**
O. Net financial indebtedness (J+N)	**24,994**	**28,067**	**-3,073**

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.

The consolidated Net Financial Position as at 30 June 2020, 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 24,994 thousand (negative EUR 28,067 thousand as at 31 December 2019), with a change of EUR -3,073 thousand mainly due to the positive cash flow generated during the period.

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

			Non-monetary flow		
Description	**31/12/2019**	**Monetary flow**	**Fair value change**	**Other changes**	**30/06/2020**
Current financial liabilities	9,525	-2,774	-2,088	239	4,902
Non-current financial liabilities and derivatives	21,476	1,534	68	-8	23,070
Current financial assets	99	-	-	1	100
Non-current financial assets	609	-	-	-50	559
Net liabilities from financing activities	**30,293**	**-1,240**	**-2,020**	**280**	**27,313**
Cash and cash equivalents (net of bank overdrafts)	2,835	43	-	-	2,878
Net financial indebtedness	**27,458**	**-1,283**	**-2,020**	**280**	**24,435**

XII. TREASURY SHARES

During the first half of 2020, 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 2020 the Group held 454,303 treasury shares, equal to 2.437% of the share capital, for a total value of EUR 2,409 thousand (equal to the amount reflected in the "Negative reserve for treasury shares on hand", posted as a decrease to consolidated shareholders' equity).

XIII. SUBSEQUENT EVENTS

As already described previously, on 31 July 2020, the Convertible bond "Piteco Convertibile 4,50% 2015-2020", code ISIN IT0005119083, was extinguished. Note that, as a result of the exercise of the Conversion Right, Piteco S.p.A. conversion shares, ISIN IT0004997984, were allocated, with the same characteristics as those currently outstanding. Again on 31 July 2020, the remaining 77 bonds were reimbursed for which the associated conversion right was not exercised, for an amount of EUR 323 thousand. Therefore, as at today's date, convertible bonds are no longer outstanding.

On 6 August 2020, the company Piteco S.p.A. obtained an unsecured loan of EUR 3 million from Sparkasse di Bolzano, with 90% guaranteed by the Central Guarantee Fund. The loan will expire on 30 June 2026 and has a rate of the 3-month Euribor plus a spread of 0.90%.

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

There are no events to report.

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

The table shows the fees (net of reimbursements of expenses and VAT) pertaining to 2020 due to the Directors and the Board of Statutory Auditors.

Fees due to the Directors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Marco Podini	Chairman of the BoD	01.01.2020-31.12.2020	Approval of the 2020 financial statements	40
Paolo Virenti	Chief Executive Officer	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Annamaria Di Ruscio	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	7
Andrea Guido Guillermaz	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Riccardo Veneziani	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Maria Luisa Podini	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Francesco Mancini	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	7
Rossi Mauro	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	7
Total				**81**

Fees due 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	01.01.2020-31.12.2020	Approval of the 2020 financial statements	22
Marcello Del Prete	Standing Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	15
Fabio Luigi Mascherpa	Standing Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	15
Claudio Stefanelli	Alternate Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	-
Gianandrea Borghi	Alternate Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	-
Total				**52**

XVI. INDEPENDENT AUDITORS

The table below shows the fees (net of the reimbursement of expenses and VAT) pertaining to 2020 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 S.p.A.	58

XVII. 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 2020 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, 29 September 2020

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 consolidated half-year financial statements in the first half of 2020.

In this regard, no significant aspects came to light.

It is also hereby certified that the condensed consolidated half-year 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 consolidated half-year financial statements, together with a description of the main 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, 29 September 2020

The Chief Executive Officer	Manager responsible for drafting the corporate accounting documents
_________________________	_____________________________