

PRESS RELEASE

PITECO GROUP GROWTH CONTINUES IN THE FIRST HALF OF 2020 REVENUES + 8%, EBITDA + 12%

- Revenues: Euro 12.0 million, + 8% (H1 2019: Euro 11.1 million)
- Revenues from recurring fees reach 68% of Net Revenues
- EBITDA: Euro 4.8 million (41% Ebitda margin), + 12% (H1 2019: Euro 4.3 million)
- Pre-tax profit: Euro 2.8 million, + 23% (H1 2019: Euro 2.3 million)
- Net profit: Euro 2.3 million, + 13% (H1 2019: Euro 2.0 million)
- Cash Flow from Operations: € 7.2 million, reach 149% of EBITDA
- Net Financial Position: Euro 11.5 million (FY2019: Euro 14.6 million)
- Net Financial Position including PUT option: Euro 24.4 million (FY2019: Euro 27.5 million)

Milan, 29th September 2020

The Board of Directors of PITECO, company listed on the MTA market leader in the financial software sector, today approved the consolidated financial report as of 30th June 2020, prepared in accordance with the IAS / IFRS accounting standards.

Marco Podini, Piteco's Chairman: "The very positive results achieved in the first half of 2020 (Revenues + 8%, Ebitda + 12%, Ebitda Margin reach 41%) highlight the positive characteristics of our Group, namely the innovation ability of its own products, which allow us to get a positive performance even in particularly difficult moments, as those in which the world economy suddenly slows down and some sectors go into crisis.

In the Italian cash management and financial planning market, the parent company PITECO SPA confirms its leadership thanks to an excellent performance both in terms of growth and margins (Revenues + 11%, EBITDA + 24%) and lays the foundations for further future growth, also thanks to the recent acquisition of the Everymake Business Unit with its innovative products in the intelligent data matching segment that joined the array of high value-added services already present in PITECO, increasingly necessary for the companies to face the competitive challenges of the market. If we add the significant diversification of the business sectors interested in the use of PITECO products, we complete the set of positive factors that have characterized the performance of the past half-year and bode well for the near future of our Group, which is also committed to important investments in the banking services sector with its American subsidiary Juniper Payments and in Financial Risk Management with the subsidiary Myrios Srl."

REVENUES UP + 8% DRIVEN BY TREASURY AND FINANCIAL PLANNING (+ 11%)

Revenues amounted to Euro 12.0 million, recording an increase of 8% compared to Euro 11.1 million in H1 2019.

Noteworthy was the growth in the Treasury and Financial Planning sector where PITECO SPA recorded a revenues' increase of 11%, thanks to the liveliness of the market and the increasing interest in PITECO's products and services by Corporate clients.

The growth of the Banking Digital Payment Business Unit, headed by the American subsidiary Juniper Payments (+ 1% vs H1 2019), was temporarily slowed down by the well-known events of the first half of 2020 (COVID19 pandemic).

Nevertheless, the Financial Risk Management Business Unit, headed by the subsidiary Myrios, recorded an increase in revenues compared to the first half of 2019 (+ 4%).

Recurring fees increased by 5% compared to H1 2019 and continually account for a predominant part of total revenues (68%).

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EBITDA + 12%, CONFIRMING THE BUSINESS MODEL

EBITDA increased to Euro 4.8 million, 12% higher than in H1 2019 (Euro 4.3 million). **Ebitda Margin** rose to 41% compared to 39% in H1 2019, further confirming the reliability of the business model, characterized by operating costs growing less than proportionally than revenues, thanks both to the way to provide the service and the software's quality.

It should be noted that the increase in Operating Costs is limited to 5% compared to H1 2019 and is mainly linked to the increase in labour costs due to the recruitment of new resources to accelerate the launch of new products on the market.

Pre-Tax Result was equal to Euro 2.8 million, + 23% compared to H1 2019 (Euro 2.3 million).

Net profit increased by 13% to Euro 2.3 million, compared to Euro 2.0 million in H1 2019.

GREAT CASH CONVERSION ABILITY: OPERATING CASH FLOW AT EURO 7.2 MILLION

In the first half **Cash Flows** confirmed the Group's strong cash conversion ability.

In the first semester, the **Operating Cash Flow** amounted to Euro 7.2 million, representing 149% of EBITDA.

NET FINANCIAL POSITION CLEARLY IMPROVED TO EUR 11.5 MILLION

Net Financial Position was Euro 11.5 million, clearly improved compared to Euro 14.6 million at 31.12.2019. In particular, there was a 70% decrease in the short-term NFP, although in the first half of the year dividends were distributed for a total amount of Euro 3.5 million, Euro 2.0 million was paid for the Earnout of Myrios and Euro 0.5 million for the purchase of the Everymake Business Unit.

Net Financial Position, including the value of the PUT options relating to the purchase of the residual 40% of the share capital of Juniper Payments LLC and the remaining 46% of Myrios Srl (the latter with a minimum payment of 50% through the assignment of PITECO Spa shares) amounted to Euro 24.4 million (Euro 27.5 million at 31.12.2019).

SIGNIFICANT EVENTS SUBSEQUENT TO 30 JUNE 2020 AND FORESEEABLE EVOLUTION OF OPERATIONS

On 31st July 2020, the "Piteco Convertibile 4.50% 2015-2020" Convertible Bond, ISIN code IT0005119083, with a nominal value of 5 million Euro issued during the IPO in July 2015, was extinguished. Thus, as of today, there are no longer any Convertible Bonds outstanding. This event generated a further improvement in the NFP as a whole.

The domestic and international scenario today is still characterized by the spread of Covid-19, feeding a context of general uncertainty, which certainly does not lead positive effects on the economy. However, our reference market's expansion is confirmed, as the services offered by the Group's companies is becoming increasingly important in economic and financial uncertainty situations.

Thus, the Group's management is confident about the continuing revenue's growth in the second half of the year, also thanks to the innovative solutions recently launched on the market by the parent company Piteco Spa, confirming the investment strategy focused on technological innovation. **PITECO IDM - Intelligent data matching**, born from the union between PITECO's expertise and the skills stemming from the EVERYMAKE startup (acquired in March), is characterized by the innovative machine learning techniques, as well as cognitive computing, semantic analysis and robotization. **PITECO EVO 5.0**, the new version of the market-leading treasury solution, which contains, among other things, innovative features in the financial planning area and a renewed graphic layout with increasingly user-friendly techniques.

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The Consolidated Half-Year Financial Report at 30 June 2020 will be made available to the public, in accordance with the law, at the registered office, on the website www.pitecolab.it (Investor Relations - Financial Statements and Reports section) and on the authorized storage mechanism IInfo (www.iinfo.it).

The manager in charge of preparing the corporate accounting documents, Riccardo Veneziani, declares pursuant to art. 154-bis, paragraph 2, of Legislative Decree no. 58/98, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

The press release is available on the websites www.pitecolab.it and www.iinfo.it

PITECO Group (PITE: IM) is an important player in the international financial software sector. With offices in Italy, Switzerland and USA and 120 employees, in the period 2015-2019 it has achieved an important organic growth supported by an intense M&A activity with the acquisition of Centro Data (2015), LendingTools.com Inc . (2017) and Myrios Srl (2018). The business model is characterized by the high levels of visibility of revenues, profitability and cash generation. The Group has a large portfolio of highly loyal customers belonging to different sectors and operates through 3 business areas:

- **TREASURY MANAGEMENT:** Piteco S.p.A. is the absolute leading software house in Italy in the solutions for the management of corporate treasury and financial planning used by over 650 national and international groups active in all industrial sectors. On the market for over 30 years, it has covered the entire software value chain: R&D, design, implementation, sale and assistance. The software is entirely owned, integrated with the main company information systems (Oracle, SAP, Microsoft etc.), can be customized according to customer needs and working in over 50 countries.

- **BANKING:** the subsidiary Juniper Payments LLC is leader in the USA with proprietary solutions in the digital payments and clearing house sector. Managing the accounting regulation of interbank financial flows (bank transfers and check cashing) of approximately 3,500 American banks and \$ 3 billion a day. It represents one of the largest US interbank networks.

- **FINANCIAL RISK MANAGEMENT:** the subsidiary Myrios S.r.l. is an Italian software house that offers Risk Management, Capital Markets and Compliance services to banks and large companies.

In 2019 Myrios Switzerland S.A. was established in Geneva to distribute the group's software solutions on the Swiss financial market.

ISIN ordinary shares: IT0004997984

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All the attached documents are prepared in accordance with the International Accounting Standards (IAS / IFRS). The data as at 30.06.2020 are subjected to a limited review by the independent auditors KPMG Spa:

- Profit & Loss
- Balance Sheet
- P&L by Business Sector
- Net Financial Position
- Cash Flow Statement

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PITECO GROUP

Profit and Loss	H1 2020	% on turnover	H1 2019	% on turnover	changes	% ch.
Net Sales Revenues	11.043	92,3%	10.587	95,4%	456	4,3%
Other Revenues	651	5,4%	433	3,9%	218	50,3%
Work in Progress (change)	267	2,2%	80	0,7%	187	233,8%
TURNOVER	11.961	100,0%	11.100	100,0%	861	7,8%
Raw Materials	148	1,2%	150	1,4%	-2	-1,3%
Services	1.907	15,9%	1.965	17,7%	-58	-3,0%
Labour Costs	4.958	41,5%	4.564	41,1%	394	8,6%
Other Costs	104	0,9%	79	0,7%	25	31,6%
TOTAL OPERATING COST	7.117	59,5%	6.758	60,9%	359	5,3%
EBITDA	4.844	40,5%	4.342	39,1%	502	11,6%
Depreciation & Amortization	1.743	14,6%	1.404	12,6%	339	24,1%
EBIT	3.101	25,9%	2.938	26,5%	163	5,5%
Financial Incomes (Costs)	-345	-2,9%	-571	-5,1%	226	-39,6%
Forex Gains (Losses)	36	0,3%	45	0,4%	-9	-20,0%
Non recurring Incomes (Costs)	6	0,1%	-143	-1,3%	149	-104,2%
EBT	2.798	23,4%	2.269	20,4%	529	23,3%
Tax	486	4,1%	220	2,0%	266	120,9%
NET PROFIT (Loss)	2.312	19,3%	2.049	18,5%	263	12,8%

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Summary P&L by Business Sector	H1 2020				H1 2019				changes			
	Total	Treasury Mng	Banking	Financial Risk Mng	Total	Treasury Mng	Banking	Financial Risk Mng	Total	Treasury Mng	Banking	Financial Risk Mng
Net Sales Revenues	11.043	7.607	2.205	1.231	10.587	7.003	2.228	1.356	4%	9%	-1%	-9%
Other Revenues	651	402	70	179	433	374	31	28	50%	7%	126%	539%
Work in Progress (change)	267	177	-	90	80	18	-	62	234%	883%	#DIV/0!	45%
Turnover	11.961	8.186	2.275	1.500	11.100	7.395	2.259	1.446	8%	11%	1%	4%
Raw Materials	148	118	1	29	150	140	1	9	-1%	-16%	0%	222%
Personnel Costs	4.958	3.556	798	604	4.564	3.310	726	528	9%	7%	10%	14%
Services	1.907	934	812	161	1.965	1.097	753	115	-3%	-15%	8%	40%
Other Costs	104	82	13	9	79	18	8	53	32%	356%	63%	-83%
Operative Costs	7.117	4.690	1.624	803	6.758	4.565	1.488	705	5%	3%	9%	14%
EBITDA	4.844	3.496	651	697	4.342	2.830	771	741	12%	24%	-16%	-6%
Ebitda Margin	41%	43%	29%	46%	39%	38%	34%	51%				

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Balance Sheet	H1 2020	FY2019	changes
Work in progress	374	107	267
Trade credits	7.002	6.368	634
Tax Credits	4	11	-7
Other current credits	723	502	221
(A) Current Assets	8.103	6.988	1.115
Accounts payable	1.084	927	157
Customers downpayments	4.921	1.186	3.735
Tax Debts	1.543	1.166	377
Other current Debts	3.074	3.029	45
(B) Current Liabilities	10.622	6.308	4.314
(A-B) Net Working Capital	-2.519	680	-3.199
Tangible Assets	4.158	4.015	143
Intangible Assets	56.996	56.900	96
Financial Assets	10	20	-10
Tax Accounts	1.106	1.154	-48
(C) Non Current Assets	62.270	62.088	182
Severance pay and other funds	1.449	1.398	51
Other non current Funds	56	54	2
Deferred Tax	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	7.972	9.277	-1.305
Profit (loss) of the year	2.312	3.017	-705
(E) Total Equity	31.459	31.419	40
Cash and Deposits	3.727	3.046	681
Current Financial Credits	100	99	1
Non current Financial Credits	559	609	-50
Bank Debts within 12 months	-3.417	-3.635	218
Other current Debts (Convertible bond, Lease etc.)	-2.334	-6.101	3.767
Other non current Debts (Lease, etc.)	-2.692	-2.356	-336
Bank Debts over 12 months	-7.451	-6.261	-1.190
Other non current Debts (Put Options)	-12.927	-12.859	-68
(NFP) Net Financial Position	-24.435	-27.458	3.023
(E+NFP) Total Sources	55.894	58.877	-2.983

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Net Financial Position	H1 2020	FY2019	changes	% change
Cash and Deposits	3.727	3.046	681	22,4%
CASH	3.727	3.046	681	22,4%
Current Financial Credits	100	99	1	1,0%
Bank Debts within 12 months	-3.417	-3.635	218	-6,0%
Debts to other lenders within 12 months	-2.334	-6.101	3.767	-61,7%
Current Financial Position	-5.651	-9.637	3.986	-41,4%
Current NET Financial Position	-1.924	-6.591	4.667	-70,8%
Non Current Financial Credits	559	609	-50	
Bank Debts over 12 months	-7.451	-6.261	-1.190	19,0%
Debts to other lenders over 12 months	-2.692	-2.356	-336	14,3%
Non Current Financial Position	-9.584	-8.008	-1.576	19,7%
NET Financial Position	-11.508	-14.599	3.091	-21,2%

Put Options over 12 months	-12.927	-12.859	-68	0,5%
NET Financial Position with PUT	-24.435	-27.458	3.023	-11,0%

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Cash Flow Statement	H1 2020	H1 2019
NET PROFIT (Loss)	2.312	2.049
Financial Incomes (Costs)	345	570
Taxes	350	220
Depreciation and amortization	1.649	1.377
Cash Flow from operation before change in NWC	4.656	4.216
Financial Incomes (Costs) paid	- 276	- 466
Taxes paid	-	- 88
Total changes N.W.C.	2.805	501
Total changes in funds	35	35
Operating Cash Flow	7.220	4.198
% on Net Sales	65%	40%
% on Ebitda	149%	97%
Capex	- 1.036	- 173
Free Cash Flow Before Debt Repayment	6.184	4.025
Loan Disbursement (Repayment)	- 1.692	- 4.825
Financial Changes (options, etc..)	- 206	- 119
Equity Changes	- 4.242	- 3.024
Financial Changes	- 6.140	- 7.968
Changes in Liquidity	44	- 3.943
Cash beginning of the period	2.835	5.572
Cash at the end of the period	2.879	1.629