



PRESS RELEASE

RELATECH: THE BOD APPROVES THE CONSOLIDATED ECONOMIC-FINANCIAL DATA AS AT 30 JUNE 2020

Adj EBITDA UP 37%
NET PROFIT adj UP 48%
CASH FLOW FROM OPERATIONS INCREASING 200%

Main consolidated results at 30 June 2020:

- **Production Value: Euro 10.69 million, +3%**
- **Revenues from foreign customers 53%**
- **Recurring revenues: 27.5% of revenues, +14%**
- **Internal customer base up 11%**
- **Backlog of € 6.5 million, an increase of 25%**
- **Adjusted¹ EBITDA: Euro 2.62 million, +37% (H1 2019, Euro 1.91 million)**
- **EBITDA margin adj 24%**
- **Adjusted NET PROFIT: Euro 1.60 million, +48% (H1 2019, Euro 1.08 million)**
- **Cash flow equal to Euro 9.46 million**
- **NFP net of the effects of IFRS16: Cash for Euro 5.43 million**
- **Operating cash flow of Euro 4.16 million (H1 2019 Euro 1.37 million)**

Consolidated as of June 30, 2020 by proforming acquisitions throughout the half year:

- **Value of Production Euro 13.11 million +26%**
- **Proforma Mediatech and Xonne adjusted EBITDA: Euro 3.01 million, + 58% (H1 2019, Euro 1.91 million)**

Milan, 23rd September 2020

Relatech S.p.A., *Digital Enabler Solution Knowledge (D.E.S.K.) Company* and innovative SME listed on AIM Italia market (Ticker: RLT), announces that, today, the Board of Directors of the Company, meeting in audio conference, has examined and approved the Group's consolidated economic and financial data as at 30 June 2020, subject to a limited audit.

¹ Adjusted equal to Euro 0.35 million relating to extraordinary non-monetary costs for the assignment of Stock Grants.



Pasquale Lambardi, Chairman of the Board of Directors of Relatech, declared:

*"Our path of growth and development based on the **3M Strategy** continues.*

1) **Merge**, thanks to recent acquisitions, we have further strengthened the digital and cloud-based platform **RePlatform** and entered new market sectors through services and solutions based on **Digital Enabler Technologies**. Thanks to these synergies, being able to count on the tools that the Stock Exchange makes available and, on the ability, to generate cash flows of our business model, **growth by external lines is our cornerstone and will continue in the coming months;**

2) **Management**, thanks to our **Human capital Management ("HcM")**, the constant research work of our **R&D Hubs** (15% of revenues) and our collaborators in the technical-scientific world, we have supported and will continue to support our Customers with all the innovation and flexibility that the current situation requires. This approach not only allows us to guarantee the so-called "Sustainable Growth", but it also allows us to develop an increasingly broad and modular offer to satisfy our customers. Today we reap what we have sown in the past, which is why we will continue to invest in this area in the coming months, also with top management, capable of bringing new ideas and professional experiences to further expand beyond national borders;

3) **Margin**, the natural consequence of the previous points will be the technological leadership in our sector and will allow us to scale more and more operationally and create a new future rich in innovation and growth to reward our entire ecosystem."

Main consolidated economic-financial results at 30 June 2019

The Value of Production at 30 June 2020 was approximately Euro 10.7 million, an increase of 3% compared to Euro 10.4 million at 30 June 2019. The Value of Production at 30 June 2020 would amount to Euro 13.1 approximately million, in the case of consolidation of Mediatech and Xonne ("**Target**") from 1 January 2020. Consolidation will take place from the second half of 2020.

Revenues from Sales remain substantially unchanged compared to last year (approximately Euro 8 million vs approximately Euro 9 million in the same period of the previous year) if we consider the **Group's orders increase ("**Backlog**")** at June 2020 of approximately **25%**, **equal to Euro 6.50 million** compared to Euro 5.20 million in the same period of the previous year.



The share of **recurring revenues** is equal to **Euro 2.26 million**, up by 14% compared to Euro 1.98 million at 30 June 2019 and is equal to **27.5% of Sales Revenues**.

Other Revenues at 30 June 2020 (Euro 1.3 million vs. Euro 0.380 million) consist of public grants relating to research projects conducted with universities and research centers, the tax credit for research and development activities conducted by Group companies and the related tax credit the listing costs incurred in 2019.

Silvio Cosoleto, Vice President of Sales commented: *"With a share of revenues from new customers equal to 11% of total revenues, of which 53% represented by revenues from new foreign customers, we can be satisfied. With the acquisition of new customers and the constant loyalty of those on-board, we can count on recurring revenues equal to 27.5% of total revenues, all this without counting the benefit that M&A operations will guarantee in this context. We will continue to invest in frontier technologies, such as **Cloud, Blockchain, Cybersecurity, Artificial Intelligence, Virtual & Augmented Reality** and in a market, that of Digital Enablers Technologies, with estimated growth volumes of 21 billion euros in Italy (by 2022) and 2 trillion dollars worldwide (by 2024)."*

Adjusted EBITDA is equal to Euro 2.62 million and **is up by 37%** compared to Euro 1.91 million at 30 June 2019. The adjusted result excludes non-monetary costs of *Euro 0.35 million relating to the assignment of Stock Grants*. *Adjusted EBITDA* as at 30 June 2020 would amount to approximately Euro 3.01 million, in the case of consolidation of Targets as at 1 January 2020.

Adjusted EBIT, because of the above, is equal to Euro 1.98 million, an increase of 20.51% compared to Euro 1.64 million at 30 June 2020. *Adjusted EBIT* at 30 June 2020 would be equal to Euro 2.37 million approximately, in the case of consolidation of Targets as at 1 January 2020.

The **adjusted Net Result**, a consequence of the above, is equal to Euro 1.45 million, an increase of approximately 42% compared to the same period of the previous year. The *reported* Net Result stands at Euro 1.34 million. The Net Result at 30 June 2020 would amount to approximately Euro 1.88 million, in the case of consolidation of the targets as at 1 January 2020.

The **Net Financial Position** at 30 June 2020 was equal to **Euro 4.03 million (cash)**, including the "contingent liability", equal to Euro 288 thousand, determined in application of IFRS 3 "Business combination" (paragraph 39.40) in relation the purchase of the 60% stake in the



share capital of Mediatech S.r.l. whose purchase agreement, finalized on 23 June 2020, provides that the sellers will accrue an *earn-out* to be determined based on the achievement of certain performance parameters of Mediatech in the years up to 2022.

The purchases of treasury shares made, equal to Euro 1.75 million, also affected the cash absorption and, consequently, the Net Financial Position at the end of the half year. Net of these purchases, **the Net Financial Position would be equal to approximately Euro 5.78 million**. On 18 September 2020, the number of treasury shares held by the company was equal to 349,746, equal to 3.24% of the share capital.

The cash flow after the change in net working capital is equal to Euro 4.16 million at 30 June 2020 compared to Euro 1.37 million at 30 June 2019 with a positive change of 2.79 million.

Main events of the first half of 2020

- Penetration into new market sectors (Industry 4.0, Utilities, Telco, Distribution, tourism) and expansion of the customer base
- New services/solutions on the cloud-based platform *RePlatform* in the Cloud areas (hybrid, public and private), AI, Blockchain, IoT, Cybersecurity, Virtual & Augmented Reality
- Signing of a new collaboration agreement with Nordcom S.p.A.
- Renewal of the partnership with the Canon Group on recurring fee services in the Cloud and Cybersecurity areas
- New agreement signed with Logisan S.p.A., a leading company in the distribution of pharmaceutical products and hospital supplies
- Consolidation of the partnership with Bruni Glass, a leading international customer in the world of design packaging
- Strengthening of the collaboration with Apoteca Natura on Big Data and Machine Learning technology
- Consolidation of the partnership with Oracle for the management of joint projects related to the management of Oracle NetSuite business applications
- Consolidation of the partnership with IBM for the presentation of its innovative solutions in the AI and Cloud field
- Consolidation of the partnership with Tech Data Italia S.r.l. for the distribution of its innovative solutions in the AI and Cloud field



- Approval by the Ministry of Economic Development of the "*True Detective 4.0*" project with the Concession Decree to Relatech S.p.A.
- Opening of two new operational offices (Brescia, Parma)
- Inclusion of new management figures
- Program for the purchase of treasury shares up to a maximum of Euro 1,500,000 to be carried out through the buyback plan (15 May 2020)
- Closure of the first exercise period of the "Relatech Warrants 2019-2022" for no. 2,941,414 Warrants Exercised and signed no. 1,470,707 newly issued Ordinary Shares for a total of € 3,470,868.52
- Acquisition of 60% of Mediatech S.r.l., a leading company in the development of solutions and services in Cloud (private, public and hyper-convergent) and Cybersecurity (closing 23 June 2020)
- New technology partnerships (Nutanix)
- Investor relation activity intensified with quarterly communication of certain economic-financial data and corporate events in order to ensure transparent and continuous communication with the market

Significant events that took place after 30 June 2020 to date

On 01 July 2020, the OKT s.r.l. company participates in the round table "The wealth of sharing: the network of spin-off companies towards I4.0" aimed at creating a synergistic network between Unical4.0 companies for the Voucher Call digital I4.0 2019 - Measure A, Cosenza Chamber of Commerce.

On 03 July 2020, Relatech announced that it participated, as the only Italian company, on 1 and 2 July, in the first edition of the "Virtual 1on1 Summer Summit 2020", the virtual edition of the annual German Spring Conference in Frankfurt organized by Equity Forum.

On 20 July 2020, Relatech announces that it has acquired 53.50% of the share capital of Xonne S.r.l., an Innovative SME specialized in solutions and applications for the digital customer experience based on virtual, augmented and mixed (or digital) reality, partly by share payment and partly by subscription and release of a capital increase, in particular, 26.50% of the share capital purchased with payment in Relatech shares with a valuation equal to Euro 7.85 each, with a premium of 35% on the share value as of July 17, 2020, and 27% of the share capital acquired in a capital increase.



On 23 July 2020, the company OKT S.r.l., announces that it has obtained, on 22 July, the Ministry of Economic Development (MISE) the Concession Decree for the start of the Industrial Research project called "Validated Question Answering" in acronym VQA."

On 30 July, the company Ithea S.r.l. announces that it has obtained the Concession Decree from the Ministry of Economic Development (MISE) for the launch of the Industrial Research project called "Catch4.0 - An intelligence Consumer-centric Approach To manage engagements, Contents & insigHts" proposed under the national operational program "Enterprises and Competitiveness" 2014-2020 ERDF.

On 06 August 2020, Relatech announces that its subsidiary Mediatech strengthens its twenty-year partnership with Indena S.p.A. (leading company in the identification, development and production of botanical active ingredients for the pharmaceutical and nutritional industry), with the launch of a new solution with a five-year contract for the implementation, among the first in Italy, of the Nutanix Cloud technology internal SapHana data management system.

On August 28, 2020, Relatech announces that on the occasion of the start of the Giro d'Italia Giovani Under 23 2020, the mobile and web application Museo Digitale del Ciclismo developed by Xonne S.r.l., a company of the Relatech Group and innovative SME, was released leader in virtual and augmented reality solutions.

COVID 19 Emergency - Actions taken to safeguard and business continuity

The company, since the first communications from the government regarding the spread of infections from Covid-19, has started the *smart-working* mode, starting from February 24 2020, putting the protection of the health of its employees and of its own ecosystem (customers, investors and collaborators). The totality of the workforce of all the Company's offices, Milan, Brescia, Parma, Genoa, Naples and Cosenza, is operational and guarantees business continuity in an efficient way, this was possible both for the solidity and protection of the instrumentation and of services through Cloud technology and Cyber security, both for the high level of cooperation between internal resources and the ecosystem of external collaborators.

The company, considering the current trend and the growing number of people infected with Covid19, has decided to continue its business operations in an agile mode and to give its employees the opportunity to undergo anti-Covid-19 tests for an even more accurate protection of the health of its resources.



Furthermore, on March 31, 2020, the company integrated the calendar of financial events, intensifying the Investor Relations activity with quarterly communications of certain economic-financial data and other corporate events, in order to ensure greater transparency towards the financial world. It is therefore of primary importance for Relatech to constantly inform the market on the company's economic and financial performance, in order to allow all stakeholders to be constantly updated.

Foreseeable evolution of management

Pursuant to and for the purposes of what is indicated in point 6) of the third paragraph of art. 2428 of the Civil Code, it should be noted that although in a socio-economic context strongly influenced by the spread of the Covid-19 pandemic, the data in possession give signs of growth prospects, also thanks to the acquisitions mentioned above, in line with the growth trend of society. At this time of difficulty and great uncertainty about the economic trend, the Company has intensified its Investor Relations activity with the aim of being more transparent towards investors but also towards customers and suppliers. Meetings with the foreign financial community were also intensified, bearing in mind that over 50% of our turnover comes from foreign customers, also by virtue of Relatech strategic plan. After the consolidation in Italy that it hopes to consolidate in 2020, particular attention will be paid to international development, understood as ordinary but also extraordinary growth.

Documentation

All the documentation covered by this press release will be made available to the public within the terms and in the manner prescribed by the AIM Italia Issuers' Regulation, as well as on the Company's website, www.relatech.com, in the "Investor Relations / Financial Reports" section. It is emphasized that the consolidated financial statements are subject to voluntary review while the pro forma is a mere management representation not subject to audit.



Attached are the financial statements of the Group drawn up according to international accounting standards (IAS / IFRS) subject to limited auditing:

- *Consolidated Income Statement of the Group for the years ended June 30, 2020 and to June 30, 2019*
- *Summary reclassified consolidated balance sheet of the Group as at 30 June 2020 and December 31, 2019*
- *Group Net Financial Position at June 30, 2020 and December 31, 2019*
- *Consolidated Cash Flow Statement at 30 June 2020 and 30 June 2019*



Consolidated Income Statement of the Group

The table below shows the consolidated income statement data of the Group for the financial years ended June 30, 2020 and June 30, 2019 together with the incidence on the Group's revenues of each item.

Consolidated Income Statement (amounts in Euro)						
Consolidated Income Statement	June 30, 2020	% inc. VdP	June 30, 2019	% inc. VdP	ΔYoY	Δ%
Production Value	10,687,695	100%	10,367,684	100%	320,011	3%
Costs for services	3,344,181	31%	3,154,229	30%	189,952	6%
Personnel Costs	3,307,656	31%	3,631,373	35%	- 323,717	-9%
Other costs	113,187	1%	195,803	2%	- 82,616	-42%
COGS costs	6,765,024	63%	6,981,405	67%	- 216,381	-3%
Gross Profit	3,922,671	37%	3,386,279	33%	536,392	16%
R&D cost	1,658,931	16%	1,607,014	16%	51,917	3%
Total operating costs	8,423,955	79%	8,588,418	83%	- 164,463	-2%
Adjustment for extraordinary costs	351,281	3%	135,650	1%	215,631	159%
EBITDA ADJUSTED	2,615,021	24%	1,914,915	18%	700,106	37%
Depreciation and Provisions	635,160	6%	559,954	5%	75,206	13%
Adjustment for overtime provisions for Extraordinary items	-	0%	288,000	3%	- 288,000	- 100%
EBIT ADJUSTED	1,979,861	19%	1,642,961	16%	336,900	21%
Financial management	28,605	0%	29,592	0%	987	-3%
EBT ADJUSTED	1,951,256	18%	1,613,369	16%	337,887	21%
Current taxes	229,905	2%	245,887	2%	- 15,982	-6%
Prepaid taxes	123,372	1%	286,658	3%	- 163,286	-57%
Adjusted Profit (Loss) for the year	1,597,979	15%	1,080,824	10%	517,155	48%
Minority interest in profit (loss) for the year	150,089	1%	64,214	1%	85,875	134%
Adjusted Group profit (loss) for the year	1,447,890	14%	1,016,611	10%	431,279	42%



Consolidated Balance Sheet of the Group

The table shows the summary reclassified balance sheet referring to 30 June 2020 and 31 December 2019 as well as the changes that have occurred compared to the previous period.

Consolidated balance sheet at 30/06/2020 (amounts in Euro)			
Consolidated balance sheet	June 30, 2020	December 31, 2019	Δ
Fixed assets	9,652,880	6,938,743	2,714,137
Receivables from customers	3,323,156	4,695,810	(1,372,653)
Payables to suppliers	(1,118,323)	(772,331)	(345,992)
Commercial working capital	2,204,833	3,923,479	(1,718,646)
Tax receivables and payables	815,062	(163,664)	978,726
Accruals and deferrals	(219,262)	232,394	(451,656)
Other receivables and payables	(1,913,510)	(1,240,721)	(672,789)
Other current assets and liabilities	(1,317,711)	(1,171,992)	(145,719)
Net Working Capital	887,123	2,751,487	(1,864,365)
Other non-current assets and liabilities	314,383	329,425	(15,042)
Provisions for risks and charges	(1,106,688)	(974,608)	(132,080)
TFR Fund	(1,202,320)	(1,021,617)	(180,703)
Other non-current assets and liabilities	(1,994,625)	(1,666,799)	(327,825)
Net Invested Capital	8,545,378	8,023,430	521,948
Share Capital	108,056	93,349	14,707
Reserves	10,663,637	5,339,400	5,324,237
Negative reserve for own shares in portfolio	(1,180,923)	0	(1,180,923)
Profit (Loss) carried forward	1,457,045	573,985	883,060
Group profit (loss) for the year	1,194,617	2,534,256	(1,339,639)
Group shareholders' equity	12,242,433	8,540,990	3,701,442
Minority shareholders' equity	335,030	184,942	150,088
Net Worth	12,577,463	8,725,932	3,851,531
Short-term payables to banks	649,445	582,548	66,897
Other short-term financial payables	201,214	386,497	(185,283)
Bank and post office deposits	(9,212,268)	(3,804,726)	(5,407,542)
Cash on hand and valuables	(199)	(233)	33
Short-term payables (cash)	(8,361,809)	(2,835,914)	(5,525,895)
Financial assets not held as fixed assets	(250,000)	(250,000)	0
Payables to other Lenders	1,195,789	1,206,193	(10,404)
Medium/long term payables to banks	3,095,935	1,177,219	1,918,715
Other medium/long-term financial payables	288,000	0	288,000
Payables to medium/long-term	4,579,724	2,383,412	2,196,312
Net Financial Position	(4,032,085)	(702,502)	(3,329,583)
Total Sources	8,545,378	8,023,430	521,948



Net Financial Position

The following table shows the Group's Net Financial Position at 30 June 2020 and at 31 December 2019.

Net Financial Position (amounts in Euro)			
NFP	June 30, 2020	December 31, 2019	Δ
A Cash	(199)	(233)	33
B Other cash and cash equivalents	(9.212.268)	(3.804.726)	(5.407.542)
C Financial assets held for trading	(250.000)	(250.000)	0
Liquidity (A)+(B)+(C)	(9.462.467)	(4.054.959)	(5.407.508)
E Current financial receivables			
F Current bank payables	649.455	582.548	66.897
G Current portion of non-current debt			
H Other current financial payables			
I Current financial debt (F)+(G)+(H)	649.455	582.548	66.897
J Net current financial debt (I)-(E)-(D)		(3.472.411)	3.472.411
K Non- current bank payables	3.095.935	1.177.219	1.918.715
L Bonds issued			
M Other non-current payables	288.000		
N Non-current financial debt (K)+(L)+(M)	3.383.935	1.177.219	(2.206.715)
O Net financial indebtedness (J)+(N) net of the effects of IFRS 16	(5.429.088)	(2.295.192)	(3.133.896)
P Liabilities for right of use in the short term	201.214	386.497	(185.283)
Q Liabilities for long-term right of use	1.195.789	1.206.193	(10.404)
O+P+Q Net financial debt (J)+(N)	(4.032.085)	(702.502)	(3.329.583)



Consolidated Cash Flow Statement at 30 June 2020 and 30 June 2019

The following table shows the Group's Consolidated Cash Flow Statement at 30 June 2020 and at 30 June 2019.

Consolidated Cash Flow Statement (amount in Euro)		
Cash Flow Statement	June 30, 2020	June 30, 2019
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	1,344,706	695,022
Income tax	255,270	494,697
Interest payable/(receivable)	28,605	29,593
1) Profit (loss) for the year before taxes on income, interest, dividends and gains/losses on disposals	1,628,581	1,219,312
Provisions to funds	203,757	520,096
Depreciation of fixed assets	437,186	168,687
Depreciation right of use	197,974	103,267
Other up (down) adjustments for non-monetary items		(595,533)
Total adjustments for non-monetary items not offset in net working capital	838,917	196,516
2) Cash flow before changes in net working capital	2,467,497	1,415,828
Total changes in net working capital	1,689,602	(46,031)
3) Cash flow after changes in net working capital	4,157,099	1,369,797
Other adjustments		
Interest received/(paid)	(28,605)	(22,658)
(Income taxes paid)	(131,898)	(463,730)
Use of funds		(80,412)
Total other adjustments	(160,502)	(566,800)
Cash flow from operating activities (A)	3,996,597	802,996
B) Cash flows from investing activities		
Cash flow from investing activities (B)	(3,152,646)	(724,186)
C) Cash flows from financing activities		
Increase/(decrease) in short-term payables to banks	66,897	603,834
Increase/(decrease) in payables to other lenders	288,000	
Switching on financing	2,300,000	357,961
(Repayment of loans)	(381,285)	(586,964)
Other variations		(4,058,985)
Capital increase against payment	3,470,869	4,059,761
Other variance of own means		(40,285)
Sale (purchase) of own shares	(1,180,923)	
Dividends		(250,000)
Cash flow from financing activities (C)	4,563,557	85,322
Increase (decrease) in cash and cash equivalents (A ± B ± C)	5,407,508	164,133
Cash and cash equivalents at the beginning of the year	3,804,959	2,009,801
Cash and cash equivalents at year end	9,212,467	1,845,668



Consolidated Income Statement - Proforma Mediatech/Xonne (amounts in thousands of euro)

For representative purposes only, the following table is included which shows the Group's Proforma Consolidated Income Statement, also including Mediatech and Xonne (proforma on the entire half-year), as at 30 June 2020 (corporate management accounting data not subject to audit) compared with the Group's Consolidated Income Statement at 30 June 2019.

Proforma Consolidated Income Statement (Thousands of Euro)						
	Proforma June 30, 2020	% inc. VdP	June 30, 2019	% inc. VdP	Δ	Δ%
Total revenues and other income	13,108	100%	10,368	100%	2,740	26%
Total Costs	8,650	66%	6,981	67%	1,669	24%
R&D Costs	1,798	14%	1,607	15%	191	12%
Adjustments for extraordinary costs	351	3%	136	1%	215	158%
Adjusted EBITDA	3,011	23%	1,915	18%	1,096	57%
Depreciation	642	5%	272	3%	370	136%
Provisions and Write-downs	0	0%	288	3%	-288	-100%
Depreciation and provisions	642	5%	560	5%	82	15%
Adjusted EBIT	2,369	18%	1,643	16%	726	44%
Financial management	-44	0%	-30	0%	-14	47%
Adjusted EBT	2,325	18%	1,613	16%	712	44%
Current taxes	320	2%	246	2%	74	30%
Deferred/prepaid taxes	123	1%	287	3%	-164	-57%
Profit (Loss) for the year	1,882	14%	1,081	10%	801	74%
Minority interest in profit (loss) for the year	263	2%	64	1%	199	311%
Group profit (loss) for the year	1,618	12%	1,017	10%	601	59%



This press release is online at www.relatech.com (Investor Relations/Press Release section) www.emarketstorage.com.

Relatech (ticker RLT ISIN IT0005371874), Digital Enabler Solution Knowledge (D.E.S.K.) Company, listed on AIM Italia since June 2019, is present on the market with innovative solutions dedicated to the digital transformation of companies. Relatech is an innovative SME focused on customers looking for the most innovative solutions, becoming a strategic partner for digitization and ICT services. Relatech constantly invests in Open innovation with an extensive R&D activity carried out internally and numerous partnerships with the main Italian Universities and research centers. Thanks to its digital platform and cloud based RePlatform, it provides services and develops innovative digital solutions in frontier technologies of Digital Enabler, such as Cloud, Cybersecurity, Blockchain, Big Data, Machine Learning, Artificial Intelligence, Internet of Things.

Contacts

ISSUER

Relatech S.p.A. | investor@relatech.com | T: +39 02 2404909 | Viale Ercole Marelli, 165 - 20099 Sesto San Giovanni (MI)

NOMAD & SPECIALIST

BPER Banca S.p.A. | relatech@bper.it | T: +39 02 7274 9229 | Via Gaetano Negri, 10 - 20123 Milan

INVESTOR & MEDIA RELATIONS

IR Top Consulting | ir@irtop.com | T: + 39 02 4547 3883/4 | Via Bigli, 19 - 20121 Milan