

## GPI: REVENUES +6.1% EBITDA +8.7% IN 1H 2020 THE GROUP GROWS IN A HALF-YEAR IMPACTED BY COVID-19

- Revenues: EUR 117.2 million, +6.1% (1H 2019: EUR 110.5 million)
  - Revenues Software SBA: EUR 41.5 million, +2.1% (1H 2019: EUR 40.7 million)
  - Revenues Care SBA: EUR 61.0 million, +5.9% (1H 2019: EUR 57.6 million)
  - Revenues Other SBAs: EUR 14.7 million, +20.1% (1H 2019: EUR 12.2 million)
- EBITDA: EUR 10.5 million (1H 2019: EUR 9.6 million)
- Net Financial Position: EUR 90.9 million (FY 2019: EUR 82.8 million)

### OUTLOOK 2020: INCREASE IN REVENUES > 6% (FY2020/FY2019) INCREASE EBITDA > 8.5% (FY2020/FY2019)

Trento, 30 September 2020

The Board of Directors of GPI (**GPI:IM**) approved today the consolidated half-year financial report as at 30 June 2020, prepared in accordance with IAS/IFRS.

**Fausto Manzana**, Chairman and Chief Executive Officer of the GPI Group: *“We are very satisfied with the results of the first half, which show an **increase in both Revenues and EBITDA**. This result proves the resilience capabilities of our Group in an extraordinary period of health emergency. GPI has operated continuously and diligently by reorganising its activities to ensure the utmost safety for collaborators, customers and suppliers. Our commitment has allowed us to continuously support the national health system. The services and technological solutions that we have provided have helped to counter the spread of Covid-19 and have helped public and private health facilities to guarantee the provision of prevention, diagnosis and treatment services for the population. This pandemic has concretely demonstrated the significance of our work for the health of people and the contribution we can make to the sustainability of national health systems. Our path for development will continue with this awareness”.*

**Matteo Santoro**, General Manager of the GPI Group: *“The recent health emergency has made the integration of services and technologies even more urgent to support the new healthcare models that the Italian Health System must adopt to remain in equilibrium despite current changes. The challenge for sustainability, which concerns the world and not only Italy, requires the adoption of strategic objectives that take into account the most critical issues: the rapid aging of the population and the shortage of doctors, for example, place the ability to manage chronicity at risk. This must be taken into account. GPI is committed to overcoming this challenge and does so by collaborating closely with health and social service providers, integrating software solutions, technologies and services. This is exactly how we proceeded during the Covid-19 emergency, providing software to manage the massive use of the nasopharyngeal swab, technology to guide and track infected patients within healthcare facilities, systems to regulate access to various facilities, thus avoiding gatherings. Our remote healthcare solution, the optimal overview of our vision, has proved to be a winning*

*model: a real ecosystem of technologies and services to monitor and treat patients at home in order to reduce costs, increase safety and improve quality of the healthcare and lives of people”.*

In 1H 2020, there was an increase in requests for new services (e.g. remote healthcare and the related organisational solutions for remote patient management) and software solutions for emergency management. At the same time, the temporary suspension of new appointments during the early stages of the emergency by some local health authorities (ASL) involved to a greater extent by Covid, caused on the one hand, a drop in appointments, and on the other, an increase in activities to manage cancellations and new appointments. Overall, however, business volumes have grown and the net balance is positive.

In terms of software, there was a postponement of some activities that are believed to be mostly recovered in the second half of the year.

In the lockdown phase, to deal with the aforementioned slowdowns, the Group resorted to the Covid redundancy fund. The Fund was used for 14 weeks in the period from 23 March to 31 July, for an average of 11.7% of the total number of hours.

## KEY CONSOLIDATED RESULTS AT 30 JUNE 2020

### Revenues

Revenues amounted to **EUR 117.2 million: the increase of 6.1%** compared to EUR 110.5 million in 1H 2019 is particularly significant as it **occurred in the midst of the Covid-19 emergency and, to a significant extent, is attributable to systematic growth.**

### Revenues by Strategic Business Area (SBA)

The revenue performance in 1H 2020 is mainly attributable to the systematic growth of the **Care SBA**, which recorded revenues of **EUR 61.0 million, +5.9%** compared to EUR 57.6 million in 1H 2019. This development is mainly attributable to the full implementation of the Lazio Region contract, the award of new contracts relating to Remote Healthcare Systems and, in general, to new services related to the management of the Covid-19 emergency, which positively compensated for the reduction in appointments for healthcare services during the lockdown period.

The **Software SBA**, the area that mostly uses technological drivers (Big Data Analytics, Machine Learning, Cloud Technology) to integrate innovative solutions that concern all the Group SBAs, recorded **revenues of EUR 41.5 million, +2.1%** compared to EUR 40.7 million in 1H 2019, thanks to a significant contribution from external growth.

The **Other SBAs** recorded revenues of **EUR 14.7 million, +20.1%** compared to EUR 12.2 million in 1H 2019. The Software and Care SBAs represent a total of 87.5% of revenues in 1H 2020 (89.0% in 1H 2019).

In thousands of EUR	Software SBA		Care SBA		Other SBAs	
	1H2020	1H2019	1H2020	1H2019	1H2020	1H2019
Revenue and other income	41,547	40,678	60,990	57,580	14,665	12,212
<b>1H2020/1H2019</b>	<b>2.1%</b>		<b>5.9%</b>		<b>20.1%</b>	

### Revenues by geographic area

From the point of view of geographic segmentation, there was mainly an increase in revenues in Italy. Foreign revenues comprise 6.6%, which is mainly concentrated in the DACH areas (Austria, Germany and

Switzerland), Spain, the United States and Poland.

In thousands of EUR	30 June 2020	30 June 2019
Italy	109,450	102,733
Abroad	7,752	7,737
<b>Total</b>	<b>117,202</b>	<b>110,470</b>

### Gross Operating Margin (EBITDA)

The gross operating margin amounted to EUR 10.5 million (EUR 9.6 million in 1H 2019).

The profitability levels in 1H, as historically demonstrated and verifiable, reflect a seasonality effect that compresses the revenues and margins of 1H of the main SBAs with respect to annual performance.

In percentage terms, separating the effects of revenues attributable to temporary groupings of companies, 1H 2020 shows **EBITDA % on adjusted revenues of 9.7%** (in line with 9.7% in 1H 2019).

### Net Operating Margin (EBIT)

Net operating income amounted to EUR 0.9 million (EUR 1.8 million in 1H 2019). The result is mainly due to higher depreciation/amortisation: EUR +1.1 million for amortisation of intangible assets, mainly resulting from the completion and marketing of the product developments carried out in previous years; EUR +0.7 million for the increase in depreciation of tangible assets, for investments in buildings made in the previous year, due to the contracts subject to IFRS 16.

### Pre-tax result (EBT)

The pre-tax result at 30 June 2020 was EUR -0.8 million, down compared to EUR 0.1 million in 1H 2019.

Net financial expenses of EUR 1.7 million remained essentially unchanged compared to EUR 1.6 million in 1H 2019.

### Net Result

The net result was EUR 0.2 million, compared to EUR 1.3 million EUR in 1H 2019.

### Net working capital

Compared to FY 2019, the Net Working Capital recorded an increase of EUR 6.1 million. This change is attributable to higher inventories for EUR 1.4 million, the increase in receivables and assets from contracts with customers for EUR 2.1 million (net of the provision for doubtful debts) and the decrease in trade payables for EUR 2.6 million.

### Shareholders' equity

Shareholders' Equity amounted to EUR 70.3 million, almost unchanged compared to EUR 70.4 million at 31 December 2019.

### Net Financial Position

The Net Financial Position stood at EUR 90.9 million, an increase compared to EUR 82.8 million in 2019. The change in the NFP reflects the cash flows of 1H and the Group investment policy of EUR 15.8 million.

## Employees

The number of employees of the GPI Group at 30 June 2020 was 5,327 (4,868 in 1H 2019), slightly different from the 5,345 employees at 31 December 2019.

## SIGNIFICANT EVENTS DURING THE HALF-YEAR

- In January, CERVED confirmed the public rating of GPI A3.1;
- the newly incorporated subsidiary Medsistemi S.r.l., 100% owned by GPI, at the end of February acquired the entire Consis business unit, a company operating in the healthcare and assistance services sector for the design, development, installation and maintenance of IT and telematic systems;
- in April, 65.35% was acquired (with a put and call agreement for the transfer of the remaining 34.65%) of OSLO S.r.l., a company specialised in the provision of management systems for the public and private healthcare sector;
- also in April, the majority stake of 58.39% was acquired of Umana Medical Technologies, a Maltese start-up founded in 2017, which develops innovative, non-invasive solutions such as nanomaterial tattoo sensors for remote monitoring of vital parameters;
- At the end of May, two important agreements were signed in the Blood & Transfusion sector for the acquisition of the Haemonetics assets (see below) and for the acquisition of the Medinfo group (French parent company and subsidiaries in Tunisia and Chile) with closing expected in 4Q 2020.

## SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE HALF-YEAR

- In July, the newly incorporated GPI USA Inc. finalised the closing for the acquisition from Haemonetics (NYSE: HAE) of the software assets of the “Blood Center” business unit. The assets acquired position GPI among the main players in the sector globally, increase the offer of products on the donor side and bring in more than 100 customers in the USA;
- in July, following the exercise of the call option, GPI acquired the remaining 29.7% of Bim Italia S.r.l., thus acquiring all of the shares. The transaction, together with the acquisition of OSLO S.r.l., is part of the strengthening of GPI expertise in the sector of management information systems and business analytics, a strategic sector with high margins;
- in July, Sintac S.r.l. and Business Process Engineering S.r.l., companies formerly part of the Group, were merged into GPI S.p.A. with effect from 1 August 2020;
- also in July, GPI acquired the remaining 60% of the shares of the associated company TBS IT Telematic & Biomedical Services S.r.l. and started the process of merging it into the parent company;
- in August, CERVED confirmed the public rating of GPI S.p.A. at A3.1;
- in August, the reopening was approved of the bond “GPI S.p.A. - 3.50% 2019-2025” issued by the Company on 20 December 2019, with additional securities for a total nominal amount up to a maximum of EUR 20 million;
- in September, with reference to the reopening of the aforementioned Bond, GPI placed bonds with a total nominal value of EUR 4.5 million with institutional investors.

## OUTLOOK

In light of the above, a FY 2020 is expected for the GPI Group with an increase in both Revenues (higher than 6% compared to FY2019) and EBITDA (higher than 8.5% compared to FY2019).

The intention remains to support the external growth of the Group, with particular focus on the businesses that will ensure a significant contribution of innovation in the Software SBA and strengthening of the positioning on international markets.

The Covid-19 emergency is attracting an extraordinary amount of economic resources (national and European) that will be used for the organisational and technological innovation of healthcare systems: fundamental investments to reconsider a healthcare service that can provide adequate solutions for the new healthcare issues. The prospects outlined open up new horizons, with significant growth potential for the GPI Group.

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It is hereby notified that the half-year financial report at 30 June 2020, prepared in accordance with current regulations and including the report of the Independent Auditors, is filed at the registered office in Trento, via Ragazzi del '99 13, at the authorised storage mechanism 1Info ([www.1info.it](http://www.1info.it)) and published on the Company website [www.gpi.it](http://www.gpi.it) - section Investors, Financial Statements and Reports, 2020.

*The manager responsible for preparing the Company's financial reports, Federica Fiamingo, declares, pursuant to article 154ter of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.*

## GPI GROUP

GPI is the preferred partner for software, technologies and services dedicated to Healthcare, Social Services and Public Administration. Founded over 30 years ago in Trento, GPI has grown thanks to important investments in M&A (in Italy and abroad) and R&S, carried out in partnership with the main Italian universities and research institutes, with the aim of conveying the application of scientific, technological, functional and process knowledge to the e-health, e-welfare and well-being sectors.

Thanks also to the solutions and expertise acquired by the companies that have become part of its ecosystem, the Group has managed to translate the needs emerging from the healthcare world into cutting-edge technological solutions and new service models that can optimise prevention, diagnosis and treatment processes, thus improving quality of life of people.

The range combines specialised IT expertise and advisory and planning capabilities that enable it to operate in various business areas: Software, Care, Automation, ICT and Pay.

The Company closed 2019 with consolidated revenues of EUR 241 million, over 5,300 employees and more than 2,200 customers in over 60 countries.

GPI entered the Italian Stock Exchange in 2016 (AIM segment) and moved to the MTA market in 2018.

ISIN ordinary shares: IT0005221517 - ISIN "Warrant GPI SpA": IT0005221475

Press release available on [www.gpi.it](http://www.gpi.it) and [www.1info.it](http://www.1info.it)

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## CONSOLIDATED INCOME STATEMENT

In EUR thousands	30 June 2020	30 June 2019
Revenues	115,924	108,066
Other income	1,278	2,403
<b>Total revenue and other income</b>	<b>117,202</b>	<b>110,470</b>
Raw materials and consumables	(4,128)	(3,180)
Service costs	(32,669)	(27,895)
Personnel expenses	(68,317)	(67,833)
Amortisation, depreciation and impairment losses	(9,380)	(7,648)
Other provisions	(149)	(159)
Other operating costs	(1,628)	(1,944)
<b>Operating profit / (loss)</b>	<b>930</b>	<b>1,811</b>
Financial income	387	209
Financial expenses	(2,134)	(1,891)
<b>Financial income and expenses</b>	<b>(1,747)</b>	<b>(1,682)</b>
Share of (profit) / loss of equity-accounted investees, net of tax	-	-
<b>Pre-tax profit / (loss)</b>	<b>(817)</b>	<b>129</b>
Income taxes	1,020	1,194
<b>Profit / (loss) for the year</b>	<b>203</b>	<b>1,323</b>
<b>Profit / (loss) for the year attributable to:</b>		
Owners of the parent	83	1,166
Non-controlling interests	119	157

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In EUR thousands	30 June 2020	31 December 2019
<b>Assets</b>		
Goodwill	31,805	26,523
Other intangible assets	67,648	56,656
Property, plant and equipment	27,241	27,800
Equity-accounted investments for using the equity method	170	170
Non-current financial assets	1,193	1,199
Deferred tax assets	5,707	4,983
Contract costs	6,680	7,088
Other non-current assets	576	921
<b>Non-current assets</b>	<b>141,021</b>	<b>125,340</b>
Inventories	6,199	4,770
Contract assets	91,236	87,510
Trade and other receivables	42,841	43,227
Cash and cash equivalents	55,071	53,241
Current financial assets	21,497	27,639
Current tax assets	800	662
<b>Current assets</b>	<b>217,645</b>	<b>217,050</b>
	<b>358,665</b>	<b>342,390</b>
<b>Shareholders' equity</b>		
Share capital	8,545	8,545
Share premium reserve	56,872	56,872
Other reserves and retained earnings / (losses carried forward), including profit / (loss) for the year	4,911	5,019
<b>Capital and reserves attributable to owners of the parent</b>	<b>70,328</b>	<b>70,435</b>
<b>Capital and reserves attributable to non-controlling interests</b>	<b>1,545</b>	<b>1,660</b>
<b>Total shareholders' equity</b>	<b>71,873</b>	<b>72,095</b>
<b>Liabilities</b>		
Non-current financial liabilities	109,878	109,462
Non-current provisions for employee benefits	7,047	6,075
Non-current provisions for risks and charges	225	225
Deferred tax liabilities	11,358	9,493
Trade and other payables	8,081	6,357
<b>Non-current liabilities</b>	<b>136,588</b>	<b>131,612</b>
Contract liabilities	272	159
Trade and other payables	87,180	78,952
Current employee benefits	749	749
Current provisions for risks and charges	1,065	241
Current financial liabilities	57,568	54,207
Current tax liabilities	3,370	4,376
<b>Current liabilities</b>	<b>150,204</b>	<b>138,683</b>
<b>Total liabilities</b>	<b>286,792</b>	<b>270,295</b>
	<b>358,665</b>	<b>342,390</b>

## NET FINANCIAL POSITION

In EUR thousands	30 June 2020	31 December 2019
Cash and cash equivalents (A)	55,071	53,241
Current financial assets (B)	21,497	27,639
Current account overdrafts	(31)	(502)
Current portion of medium/long-term financial liabilities (*)	(27,660)	(20,185)
Bond issues	(8,000)	(3,000)
Other financial payables	(21,877)	(30,520)
<b>Current financial liabilities (C)</b>	<b>(57,568)</b>	<b>(54,207)</b>
Current net financial position (D = A + B + C)	19,000	26,674
Bond issues	(52,085)	(58,499)
Medium/long-term loans (*)	(47,249)	(39,661)
Other non-current financial payables	(10,544)	(11,303)
<b>Non-current financial liabilities (E)</b>	<b>(109,878)</b>	<b>(109,462)</b>
<b>Net financial indebtedness as per the ESMA Recommendation (F = D + E)</b>	<b>(90,877)</b>	<b>(82,789)</b>
Non-current financial assets (G)	1,193	1,199
Payables for acquisition of investments (G)	(19,393)	(15,174)
<b>Net financial position, including non-current financial assets and payables for the purchase of equity investments (H = F + G)</b>	<b>(109,077)</b>	<b>(96,763)</b>

(\*) Current guaranteed portion: EUR 1,927 thousand (EUR 1,914 thousand at 31 December 2019); guaranteed non-current portion EUR 263 thousand (EUR 511 thousand at 31 December 2019)



## STATEMENT OF CASH FLOWS

In EUR thousands	30 June 2020	30 June 2019
<b>Cash flows from operating activities</b>		
Profit / (loss) for the year	203	1,323
Adjustments for:		
- Depreciation of property, plant and equipment	2,740	2,058
- Amortisation of intangible assets	5,590	4,447
- Amortisation of contract costs	1,050	1,144
- Other provisions	149	159
- Financial income and expenses	1,747	1,682
Share of (profit) / loss of equity-accounted investees, net of tax	-	-
- Income tax	(1,020)	1,194
Changes in working capital and other changes	(2,126)	(2,479)
Interest paid	(2,087)	(1,913)
Income taxes paid	1,020	(3,314)
<b>Net cash and cash equivalents generated by operating activities</b>	<b>7,267</b>	<b>4,301</b>
<b>Cash flows from investing activities</b>		
Interest collected	258	4
Acquisition of subsidiaries, net of liquidity acquired	(6,444)	(1,257)
Changes in payables for acquisition of investments	(1,745)	9
Net investments in property, plant and equipment	(2,117)	(1,020)
Net investments in development costs and other intangible assets	(4,787)	(5,627)
Gain from divestments of tangible and intangible assets and non-consolidated equity investments	667	520
Net change in other current and non-current financial assets	(65)	4,519
<b>Net cash and cash equivalents absorbed by investing activities</b>	<b>(14,234)</b>	<b>(2,852)</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	-	(693)
Dividends paid	-	(5,243)
Amounts collected from bank loans	25,000	2,000
Repayment of bank loans	(10,657)	(15,697)
Proceeds from bond issues	-	-
Repayment of bonds	(1,500)	-
Lease payments	(1,612)	(1,254)
Net change in other current and non-current financial liabilities	(2,434)	12,207
Acquisitions of minority interests	-	(5)
<b>Net cash and cash equivalents generated by financing activities</b>	<b>8,797</b>	<b>(8,685)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,830</b>	<b>(7,236)</b>
Opening cash and cash equivalents	53,241	41,600
<b>Cash and cash equivalents</b>	<b>55,071</b>	<b>34,364</b>