

THE CAD IT BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT REPORT AT 30TH SEPTEMBER 2018 AND DELIBERATES TO PROCEED WITH THE ACQUISITION OF THE MINORITY SHARES OF THE SPANISH SUBSIDIARY DPI

The CAD IT Group closes the third quarter 2018 with a Production Value of Euro 15.5 million, compared to the Euro 13.8 million in the third quarter of 2017. EBITDA stands at Euro 3.4 million (Euro 2.2 million in the third quarter of 2017).

EBIT stands at Euro 2.2 million (Euro 0.9 million in the third quarter of 2017).

Result of the quarter, net of tax, attributable to owners of the parent stands at Euro 1.2 million (Euro 0.7 million in the third quarter of 2017).

In the first nine months of 2018, the Production Value was Euro 47.4 million (Euro 43.4 million in the first nine months of 2017).

EBITDA stands at Euro 8.7 million (Euro 6.8 million in the first nine months of 2017).

EBIT stands at Euro 5.0 million (Euro 2.5 million in the first nine months of 2017).

Result of the period, net of tax, attributable to owners of the parent stands at Euro 3.6 (Euro 1.9 million in the first nine months of 2017).

The Group's Consolidated Net Financial Position at 30th September 2018 is in credit by Euro 14.2 compared to Euro 19.0 million registered at 30th June 2018 and to Euro 0.7 million registered at 30th September 2017.

The CAD IT Board of Directors deliberates to proceed with the acquisition of the minority shares of the Spanish subsidiary DPI.

The Board of Directors of CAD IT S.p.A., leader in the Italian financial software market and listed in the STAR segment of Borsa Italiana, today approved the Interim Management Report at 30th September 2018.

The main consolidated results of the **third quarter 2018** are as follows:

- **Production Value** of Euro 15.5 million (Euro 13.8 million in the third quarter of 2017). During the three months in question, increases in internal work capitalized for the development of new products (asset increases due to internal work) came to Euro 0.7 million compared to Euro 0.9 million in the same period of the previous year;

- **Gross Operational Result (EBITDA)** of Euro 3.4 million (22.2% of the Production Value) compared to Euro 2.2 million registered in the third quarter of 2017 (16.2% of the Production Value);
- **Operational Result (EBIT)** of Euro 2.2 million, corresponding to 13.9% of the Production Value, compared to Euro 0.9 million registered in the third quarter of 2017 (6.6% of the Production Value);
- **Result of the quarter, net of tax, attributable to owners of the parent** of Euro 1.2 million, corresponding to 7.4% of the Production Value, compared to Euro 0.7 million registered in the third quarter of 2017 (5.0% of the Production Value).

The **Group's Consolidated Net Financial Position** at 30th September 2018 is in credit by Euro 14.2 million, compared to Euro 19.0 million registered at 30th June 2018 and to Euro 0.7 million registered at 30th September 2017.

The main consolidated results of the **first nine months of 2018** are outlined below:

- **Production Value** of Euro 47.4 million compared to Euro 43.4 million in the same period of the previous year. During the nine months in question, investment for internal work capitalized under fixed assets came to Euro 1.8 million compared to Euro 3.1 million registered in the same period of the previous year. **Net sales** were equal to Euro 44.7 million compared to Euro 39.8 million registered in the first nine months of 2017;
- **Gross Operational Result (EBITDA)** of Euro 8.7 million (18.3% of the Production Value) compared to Euro 6.8 million in the first nine months of 2017 (15.7% of the Production Value). The increase of EBITDA margin is mainly due to the increased income from sales and services partially balanced by the higher service costs, particularly referred to external collaborations carried out by an affiliate company on customer projects;
- **Operational Result (EBIT)** of Euro 5.0 million (10.6% of Production Value) compared to Euro 2.5 million in the first nine months of 2017, corresponding to 5.7% of Production Value. The amortization of intangible assets went from Euro 3.8 million in the first nine months of 2017 to Euro 3.1 million in the first nine months of 2018. The decrease in the amortization is mainly due to the completion of some amortization schedules on investment projects capitalized in previous financial years;
- **Result of the period, net of tax, attributable to owners of the parent** of Euro 3.6 million, corresponding to 7.6% of the Production Value, compared to Euro 1.9 million registered in the same period of the previous year (4.3% of the Production Value).

On 24th April 2018 CAD IT acquired 74.5% of the capital of the Spanish company DPI CAD IT ESPAÑA S.A. (former Desarrollo de Productos Informaticos S.A.) (DPI). In July 2018, CAD IT also acquired a further 40% share in the capital of the Spanish company Software Financiero Bolsa S.A.

(SFB) to reach a 70% holding. Since that acquisition dates the Spanish companies are consolidated on a line-by-line basis and, therefore, the income statement and cash flow statement figures include the operations carried out between the acquisition date and 30th September 2018, while the statement of financial position figures include the balances at 30th September 2018.

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The Manager charged with preparing the company's financial reports, Michele Miazzi, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records. Note moreover that in this press release, in addition to the conventional financial indicators required by IFRS, there are also some alternative performance indicators in order to allow a better assessment of the economic and financial management trend. These indicators are calculated according to the usual market practices and in compliance with the previous company communications.

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The Interim Management Report at 30th September 2018 is not subject to auditing by the auditing company and will be made available to the public at CAD IT S.p.A. registered office, at Borsa Italiana S.p.A., in the Investor Relations section of the company's internet website www.caditgroup.com and on the authorized storage mechanism for regulated information "eMarket STORAGE" at www.emarketstorage.com within the deadlines provided for by law. Written notification of such publication will be given.

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In addition the CAD IT BoD has deliberated today to proceed with the signing of the agreement for the acquisition of the minority shares of the Spanish subsidiary DPI CAD IT ESPAÑA S.A. (former Desarrollo de Productos Informaticos S.A.) (DPI), continuing its policy to expand into the European market and especially in Spain. The transaction will be completed over the next few weeks.

In April 2018, CAD IT acquired 74.5% of the capital of DPI and with this acquisition will reach 100%; the cost of acquiring 24.5% of the capital (1% of the capital is owned by DPI itself) comes to about Euro 1.2 million, of which Euro 500,000 to be paid upon signing of the agreement, Euro 500,000 in January 2019 and the balance of Euro 200,000 within April 2020.

During the first 9 months of 2018, DPI has recorded revenues from sales and services of 2.8 million Euros, a net profit of 0.5 million Euros and active financial position of 2.5 million Euros.

CAD IT was assisted in the transaction by lawyer José Ruiz-Cámara Bayo from MPA Legal in Madrid.

Consolidated Income Statement Third Quarter 2018

(in thousands of Euro)

	III Quarter 2018		III Quarter 2017		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	14,256	92.0%	12,876	93.3%	1,379	10.7%
Asset increases due to internal work	665	4.3%	906	6.6%	(241)	(26.6%)
Other revenue and receipts	576	3.7%	24	0.2%	552	2259.7%
Production value	15,497	100.0%	13,807	100.0%	1,691	12.2%
Purchase costs	(92)	(0.6%)	(81)	(0.6%)	(11)	(14.3%)
Service costs	(2,043)	(13.2%)	(2,212)	(16.0%)	169	7.6%
Other operational costs	(243)	(1.6%)	(195)	(1.4%)	(48)	(24.6%)
Added value	13,119	84.7%	11,319	82.0%	1,800	15.9%
Labour costs	(9,203)	(59.4%)	(8,567)	(62.0%)	(636)	(7.4%)
Other administrative expenses	(482)	(3.1%)	(513)	(3.7%)	30	5.9%
Gross operational result - EBITDA	3,434	22.2%	2,240	16.2%	1,194	53.3%
Allocation to fund and credit depreciation	(29)	(0.2%)	(30)	(0.2%)	0	1.6%
Intangible fixed asset amortization	(1,089)	(7.0%)	(1,153)	(8.4%)	64	5.6%
Tangible fixed asset amortization and depreciation	(163)	(1.1%)	(149)	(1.1%)	(14)	(9.3%)
Operational result - EBIT	2,154	13.9%	909	6.6%	1,245	137.1%
Financial income	1	0.0%	0	0.0%	1	681.4%
Financial expenses	(30)	(0.2%)	(11)	(0.1%)	(19)	(176.7%)
Ordinary result	2,125	13.7%	898	6.5%	1,227	136.7%
Revaluations and depreciations	(425)	(2.7%)	330	2.4%	(755)	(228.9%)
Pre-tax result	1,700	11.0%	1,228	8.9%	472	38.4%
Income taxes	(499)	(3.2%)	(293)	(2.1%)	(206)	(70.4%)
Profit/(loss) for the period	1,201	7.7%	935	6.8%	266	28.4%
					-	-
Profit/(loss) for the period attributable to:						
Non-controlling interests	50	0.3%	239	1.7%	(188)	(78.9%)
Owners of the parent	1,150	7.4%	696	5.0%	454	65.2%

Consolidated Income Statement First 9 Months 2018

(in thousands of Euro)

	Period 01/01 - 30/09/2018		Period 01/01 - 30/09/2017		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	44,741	94.4%	39,809	91.8%	4,932	12.4%
Asset increases due to internal work	1,819	3.8%	3,072	7.1%	(1,253)	(40.8%)
Other revenue and receipts	836	1.8%	503	1.2%	333	66.3%
Production value	47,396	100.0%	43,384	100.0%	4,013	9.2%
Purchase costs	(272)	(0.6%)	(224)	(0.5%)	(48)	(21.3%)
Service costs	(7,820)	(16.5%)	(6,183)	(14.3%)	(1,637)	(26.5%)
Other operational costs	(639)	(1.3%)	(645)	(1.5%)	6	1.0%
Added value	38,666	81.6%	36,332	83.7%	2,334	6.4%
Labour costs	(28,513)	(60.2%)	(27,915)	(64.3%)	(598)	(2.1%)
Other administrative expenses	(1,461)	(3.1%)	(1,586)	(3.7%)	125	7.9%
Gross operational result - EBITDA	8,692	18.3%	6,831	15.7%	1,861	27.2%
Allocation to fund and credit depreciation	(95)	(0.2%)	(78)	(0.2%)	(17)	(21.4%)
Intangible fixed asset amortization	(3,059)	(6.5%)	(3,842)	(8.9%)	783	20.4%
Tangible fixed asset amortization and depreciation	(512)	(1.1%)	(436)	(1.0%)	(76)	(17.5%)
Operational result - EBIT	5,026	10.6%	2,475	5.7%	2,551	103.1%
Financial income	5	0.0%	2	0.0%	3	167.9%
Financial expenses	(65)	(0.1%)	(35)	(0.1%)	(30)	(86.7%)
Ordinary result	4,965	10.5%	2,441	5.6%	2,524	103.4%
Revaluations and depreciations	290	0.6%	556	1.3%	(267)	(47.9%)
Pre-tax result	5,255	11.1%	2,998	6.9%	2,257	75.3%
Income taxes	(1,437)	(3.0%)	(718)	(1.7%)	(719)	(100.2%)
Profit/(loss) for the period	3,818	8.1%	2,280	5.3%	1,538	67.4%
						-
Profit/(loss) for the period attributable to:						-
Non-controlling interests	236	0.5%	402	0.9%	(167)	(41.4%)
Owners of the parent	3,582	7.6%	1,878	4.3%	1,704	90.8%

Consolidated statement of comprehensive income

(in thousands of Euro)

	III Quarter 2018	III Quarter 2017	Period 2018 01/01– 30/09	Period 2017 01/01– 30/09
Profit (loss) for the period	1,201	935	3,818	2,280
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/(losses) on defined benefit liabilities	-	-	150	233
Total Comprehensive income (loss)	1,201	935	3,968	2,514
Comprehensive income (loss) attributable to:				
- Non- controlling interests	50	239	274	431
- Owners of the parent	1,150	696	3,693	2,082

Consolidated Statement of financial position

(in thousands of Euro)

31/12/2017	ASSETS	30/09/2018	30/09/2017
	Non-Current Assets		
18,139	Property, plant and equipment	18,361	18,231
16,625	Intangible assets	14,846	17,616
8,309	Goodwill	14,772	8,309
2,500	Investments	990	2,758
89	Investments at fair value recorded in the income	89	39
326	Other non-current financial assets	730	322
825	Credits due to deferred taxes	652	702
46,813	TOTAL NON-CURRENT ASSETS	50,440	47,978
	Current Assets		
53	Inventories	20	9
29,606	Trade receivables and other credits	22,159	32,514
1,216	Tax credits	2,618	1,699
-	Other current financial assets	1,075	-
14,150	Cash on hand and other equivalent assets	22,647	5,660
45,025	TOTAL CURRENT ASSETS	48,518	39,881
91,838	TOTAL ASSETS	98,958	87,859

31/12/2017	EQUITY AND LIABILITIES	30/09/2018	30/09/2017
	Equity		
4,670	Company capital	4,670	4,670
35,246	Reserves	35,246	35,246
15,023	Accumulated profits/losses	18,702	13,404
54,939	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	58,618	53,320
2,175	Capital and reserves of third parties	2,792	2,251
907	Profit (loss) of third parties	236	402
3,082	Non-controlling interests	3,027	2,653
58,021	TOTAL EQUITY	61,646	55,973
	Non-current liabilities		
1,663	Financing	6,693	1,101
2,520	Deferred tax liabilities	2,527	2,520
7,837	Employee benefits and quiescence provisions	7,594	7,666
160	Expense and risk provisions	-	-
12,180	TOTAL NON-CURRENT LIABILITIES	16,814	11,287
	Current liabilities		
5,800	Trade payables	7,743	7,077
4,540	Current tax payables	3,448	2,838
3,948	Short-term financing	2,810	3,860
7,350	Other liabilities	6,499	6,824
21,637	TOTAL CURRENT LIABILITIES	20,499	20,599
91,838	TOTAL LIABILITIES AND EQUITY	98,958	87,859

Consolidated Cash Flow Statement

(in thousands of Euro)

<i>Cash Flow Statement of CAD IT Group</i>	<i>Period 2018 01/01-30/09</i>	<i>Period 2017 01/01-30/09</i>
A) OPERATING ACTIVITIES		
Profit (loss) for the period	3,818	2,280
Amortisation, revaluation and depreciation:		
- Property, plant and equipment depreciation	512	436
- Intangible fixed asset amortisation	3,059	3,842
- revaluation of investments	(608)	(556)
- depreciation of investments	333	-
Allocations (utilization) of provisions	(194)	13
Financial performance:		
- Net financial receipts (charges)	61	33
- Profit/(loss) on foreign exchange	(2)	(3)
Other working capital variations	4,421	(21)
Income taxes paid	0	(225)
Interest paid	(63)	(32)
A) - Cash flows from (used in) operating activities	11,336	5,767
B) INVESTMENT ACTIVITIES		
Investments in activities		
- purchase of property, plant and equipment	(426)	(254)
- purchase/production of intangible assets	(1,963)	(3,157)
- purchase of investments in subsidiaries net of cash availability	(3,814)	-
- increase in other non-current financial assets	(163)	(20)
Disinvestment activities		
- transfers of property, plant and equipment	31	-
- transfers of assets available for sale	724	11
- decrease in other non-current financial assets	13	23
Cashed Interest	5	2
Cashed dividends	150	-
(B) - Cash flows from (used in) investment activities	(5,441)	(3,395)
C) FINANCING ACTIVITIES		
Medium/long term financing repayment	(1,208)	(576)
Medium/long term financing opening	6,237	-
Allocation of profits to directors of subsidiary companies	(27)	-
Minority owners payments in subsidiary companies	-	30
Dividends paid	(1,263)	(1,910)
(C) - Cash flows from (used in) financing activities	3,740	(2,456)
(A+B+C) - Total cash and other equivalent assets flows	9,634	(84)
Opening cash balances and equivalents	10,203	1,883
Closing cash balances and equivalents	19,837	1,800

Consolidated net financial position

(in thousands of Euro)

<i>Net consolidated financial position</i>	<i>30/09/2018</i>	<i>30/06/2018</i>	<i>31/12/2017</i>	<i>30/09/2017</i>
Cash-on-hand and at bank	22,647	23,598	14,150	5,660
Other current financial assets	1,075	1,085	0	-
Payables due to banks current portion	(2,810)	(2,690)	(3,948)	(3,860)
Net short-term financial position/(indebtedness)	20,912	21,993	10,203	1,800
Medium/Long-term loans	(6,693)	(3,036)	(1,663)	(1,101)
Net long-term financial position/(indebtedness)	(6,693)	(3,036)	(1,663)	(1,101)
Net financial position/(indebtedness)	14,219	18,957	8,540	699

GRUPPO CAD IT

CAD IT fornisce software e servizi ad aziende di elevato standing in Europa. I clienti di CAD IT includono banche, assicurazioni, fondi, brokers, fornitori di servizi in outsourcing, enti pubblici e imprese.

Ogni giorno, le soluzioni sviluppate da CAD IT, supportano oltre 1.000 organizzazioni in Europa, grazie al know-how di oltre 600 professionisti altamente specializzati e con il dominio di tecnologie innovative.

Con oltre 200.000 utenti appartenenti ad istituzioni finanziarie di elevato standing, Area Finanza di CAD IT rappresenta il sistema più utilizzato in Europa per la gestione dei processi di trading e post trading di strumenti finanziari. "Area Finanza" è una soluzione completa front-to-back, cross-business, cross-asset, multi-canale, multi-browser, multi-lingua, multi-valuta e multi-istituto.

CAD IT è inoltre leader di mercato in Italia nel settore del software per la riscossione dei tributi per la Pubblica Amministrazione e rappresenta un punto di riferimento per le aziende del "made in Italy" come fornitore di strumenti software e servizi ad alto valore aggiunto.

CAD IT GROUP

CAD IT supplies software and services to high-standing companies in Europe. CAD IT's customers include banks, insurance companies, investment fund organisations, brokers, IT outsourcers, public administration and manufacturing companies.

Due to the exceptional know-how of over 600, highly specialised experts and with a dominion of innovative technologies, CAD IT's software solutions daily provide support to over 1,000 European organisations.

With over 200,000 users at high-standing financial institutions, CAD IT's Finance Area software suite is the most commonly-used system in Europe for managing financial instrument trading and post-trading processes. "Finance Area" is a complete front-to-back, cross-business, cross-asset, multi-channel, multi-browser, multi-language, multi-currency and multi-entity solution.

Moreover, CAD IT is not only the leader in the Italian financial software market but also for Public Administration tax collection and represents a reference point for Made in Italy companies as a supplier of software tools and services that guarantee high added value.

GRUPO CAD IT

CAD IT suministra software y servicios a empresas de alto nivel en Europa. Los clientes CAD IT incluyen bancos, seguros, fondos, agentes de bolsa, proveedores de servicios de externalización, entes públicos y empresas.

Cada día, las soluciones desarrolladas por CAD IT, soportan más de 1.000 organizaciones en Europa, gracias al know-how de más de 600 profesionales altamente especializados y con el dominio de tecnologías innovadoras.

Con más de 200.000 usuarios pertenecientes a instituciones financieras de alto nivel, el Area Finanza de CAD IT representa el sistema más usado en Europa para la gestión de los procesos de negociación y post-negociación de instrumentos financieros. "Area Finanza" es una solución integral para los servicios de: atención al público y administración (front-to-back), multi-sociedades (cross-business), activos cruzados (cross-asset), multi-canales, multi-navegadores, multi-idiommas, multi-moneda y multi-institución.

CAD IT es además, líder del mercado en Italia en el sector del software para la recaudación de impuestos para la Administración Pública y representa un punto de referencia para las empresas del "Made in Italy" como proveedor de instrumentos software y servicios de alto valor añadido.

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