



NEXT GEMs Conference 2020

November 3, 2020



Marco Bruni
Chairman and CEO



Marco Marzuoli
Sales Director



Daniele Notarnicola
CFO



Mario Marchesi
IR

AGENDA

1. CORPORATE OVERVIEW
2. MARKETS
3. STRATEGY
4. 1H 2020 RESULTS



1. COMPANY OVERVIEW

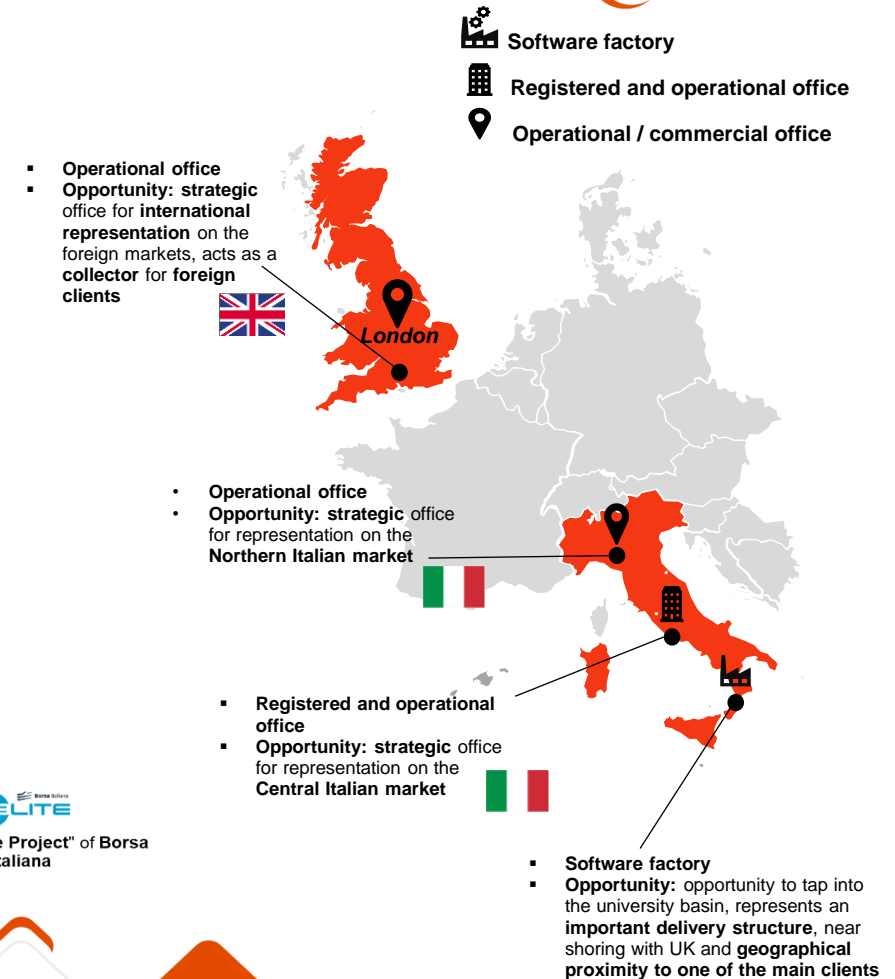
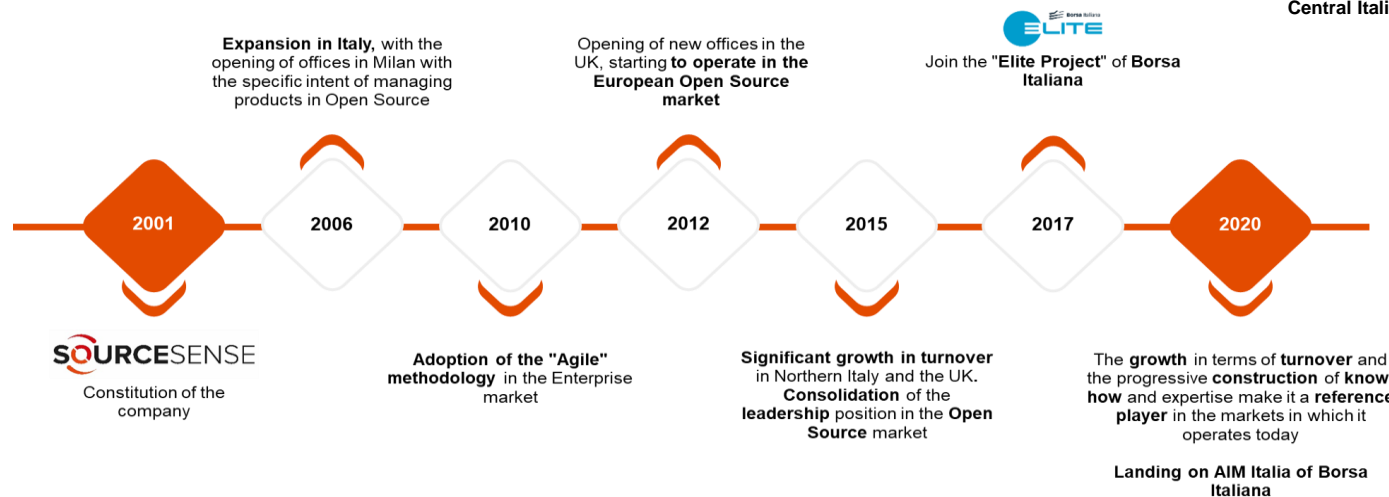
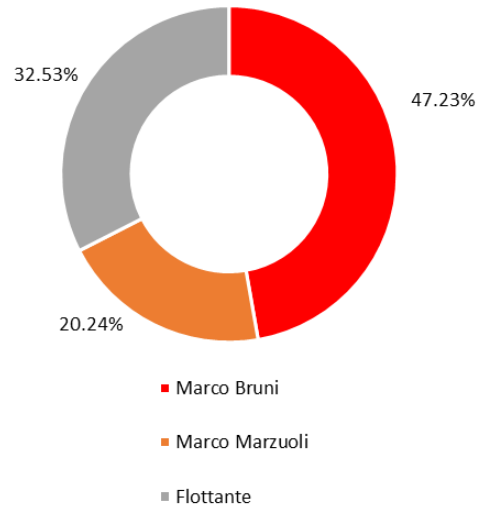
Sourcesense S.p.A. a company operating in the IT sector, was born from the decades of experience of Italian and foreign companies focused in the realization of solutions for the main enterprise companies of the sector based on «**open source**» **technologies**, using **cloud infrastructure** and supporting clients in strategic choices and in the process of designing, integrating and developing systems and platforms.

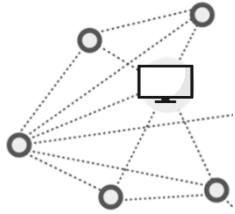
The Company **develops software applications**, using the «**Agile**» **methodology**, which is a project management methodology that uses short development cycles («sprint») to focus on continuous improvement in the development of a product or a service.

The Company has among its **clients over 80 companies in Italy and over 35 abroad**, leaders in their reference markets (utility, telco, publishing, banking & insurance, fashion, etc.).

For the provision of its services, the Company uses **solutions of important partners of the sector**.

SHAREHOLDER STRUCTURE





Technology Open Source

- Always **convinced supporters** of **Open Source technology** and researchers passionate about everything that can bring value to clients;
- Technology management in «**Agile**» mode, using **short development cycles** («sprint») to focus on **continuous improvement** in product or service development;
- **Cloud native enabler** by vocation, **creating business value** at the speed guaranteed by **DevOps practices** on **cloud infrastructure**



Innovation and Expertise in the sector

- Over 19 years of **experience** and **know-how** gained through study and use of the best technologies to serve clients;
- Use of **best-in-class solutions** and **modern, scalable, reliable and resilient systems** to successfully meet client's needs;
- **Innovative vision, new technologies, certified resources** and **consolidated experience** to support companies in **accelerating Business Transformation processes**



Client's loyalty

- **Maximum attention** to the business of clients, its sustainability and their vision, with the aim of creating value for them by **offering solutions** to their **complex needs**;
- **Very low client abandon rate** despite the **main clients are large** and the sector is characterized by high substitutability of the offer by vendors;
- **Strategic and privileged territorial positioning** for the control of areas with greater investment in IT



Value Proposition

- **Interaction** between use of **internal software** and part of **Open Source** software for application development for clients;
- **5 integrated Service Lines** for a **complete coverage** of **different clients' needs** in various sectors;
- **Combination of service delivery and subscription sales** that allows to oversee the entire value chain



Partnership

- Development of **business and strategic partnerships** with the world's **leading Open Source vendors** to provide innovative, integrated and supported solutions;
- **High level of partnership** (e.g. platinum), essential to penetrate the most important clients of the sector;
- **Partnerships aimed** at providing services in **different technical areas** (Enterprise Information Management, Application Lifecycle Management & DevOps, Big Data Search & Analytics, Cloud Services);
- **Exclusivity of some partnerships in Italy**, with the consequent **absence of competition** on the Italian market



CORPORATE ADVISORY

Service Line 1

CONSULTING



Provides **specialized** and **methodological advice** on the technologies covered by the range of the Company



Service line **people intensive**, **linear Revenues growth with cost growth**



The **client pays based on the man-days** made available by the Company for the provision of consulting services

Service Line 3

SUBSCRIPTIONS



Sale of subscriptions of business partners to facilitate clients' use of **Open Source software**



«Buy only if sell», **Revenues growth linear with costs increase**



Revenues based on a **price list** defined by the **vendor**, regarding which the **Company defines a mark-up** based on the **level of partnership**



DIGITAL EVOLUTION

Service Line 2

SOLUTIONS



Provides **solutions** able to **solve the needs** of clients through **the creation of services with high added value**



Scalable model, possibility to re-use solutions with the same human resources. **Revenues growth nonlinear with costs increase**



Billing model through **Revenues report** based on the **Working progress report**

Service Line 4

CLOUD SERVICES



Combines Service Line 2 and Service Line 3 by delivering **high added value cloud services** in SaaS mode



Scalable model once reached the **break-even**, through **sale of several homogeneous service packages**



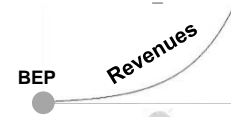
Billing through **fixed subscription + variable fee** depending on the use (software-as-a-service model)

Service Line 5

ENTERPRISE APPS



Carries out **development and design** activities, both on **cloud** and **on-premise**, using **engineering know-how**



Scalable model once reached the **break-even**, replicability of service with the same use of resources



Billing through **monthly/annual fee** directly **defined by the Company**

MAIN CLIENTS OF THE GROUP



Posteitaliane



London
Stock Exchange Group



Il Sole 24 ORE



accenture



randstad



IC
InfoCamere



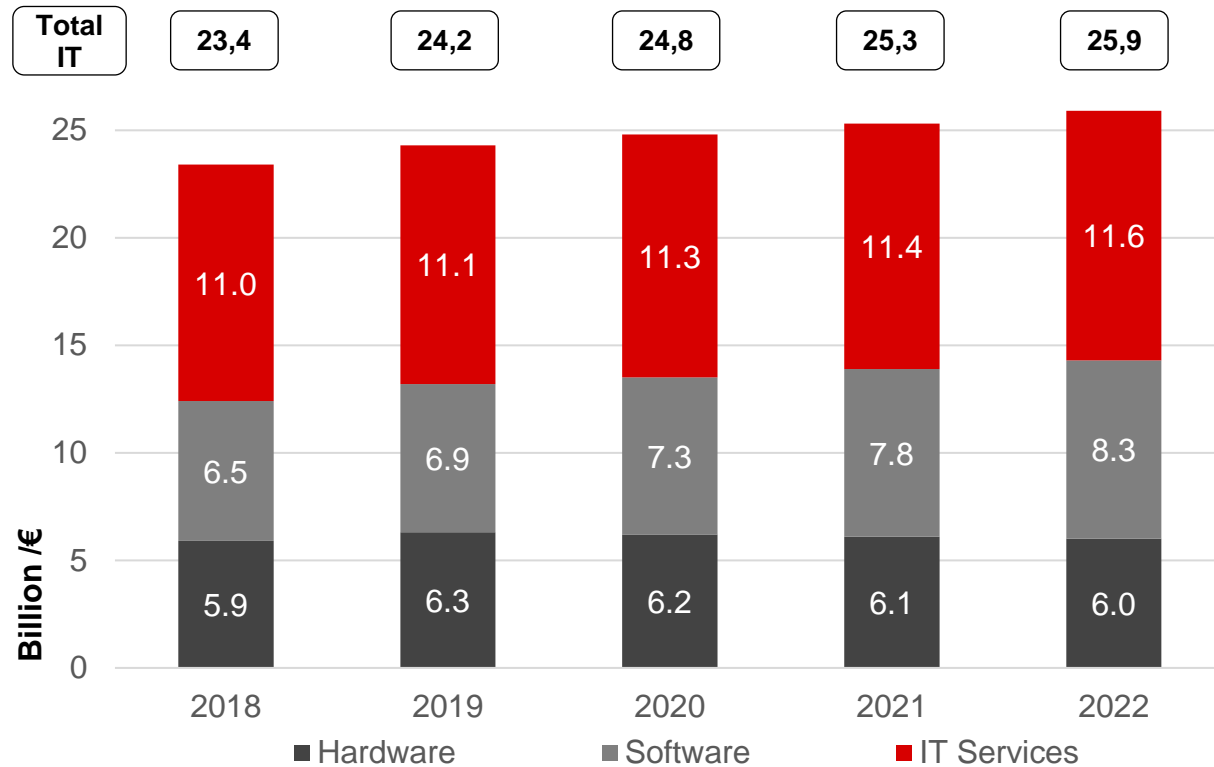
Loro Piana



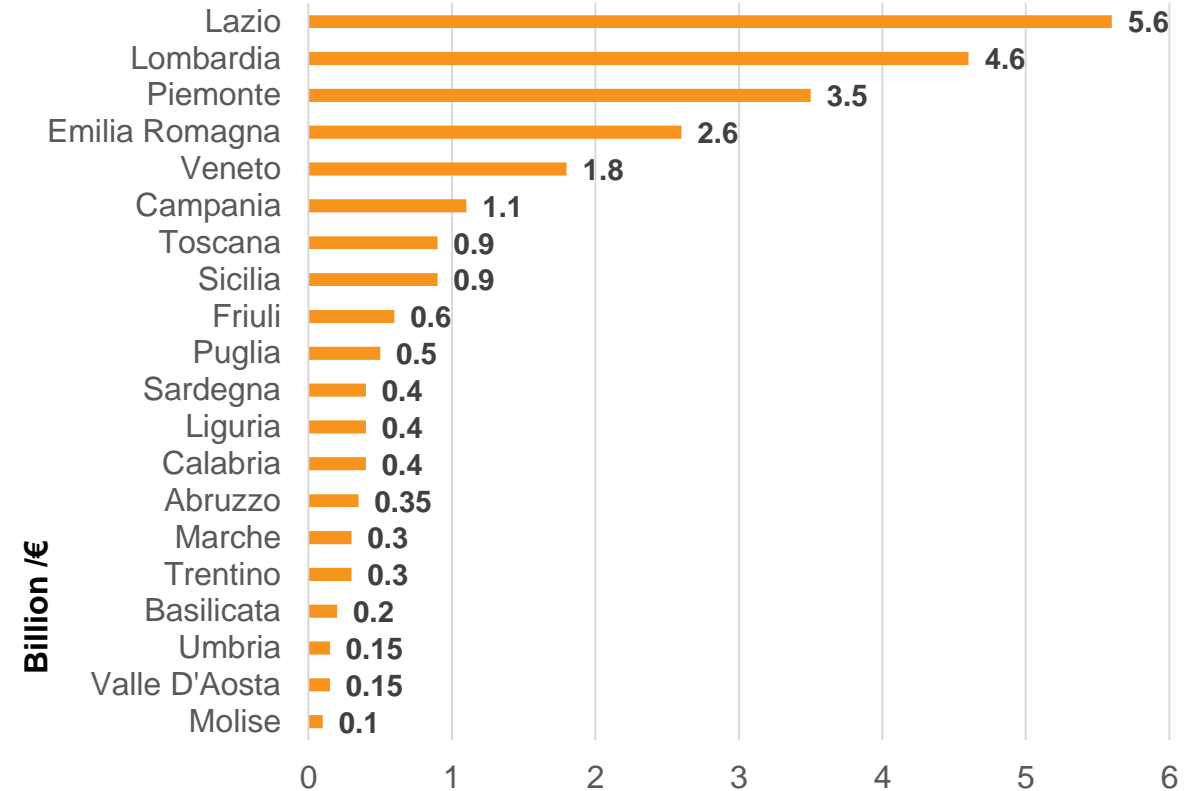
ROSIÈRES

2. MARKETS

IT expenses of the Italian companies (2018-2022)

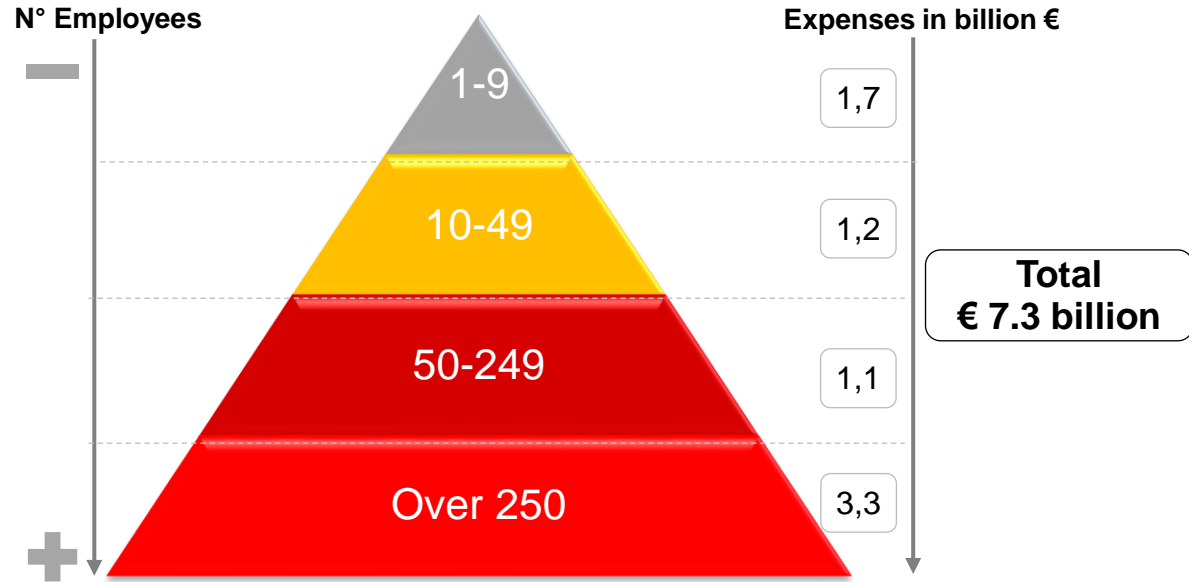


IT expenses of the Italian companies by Region (2020)

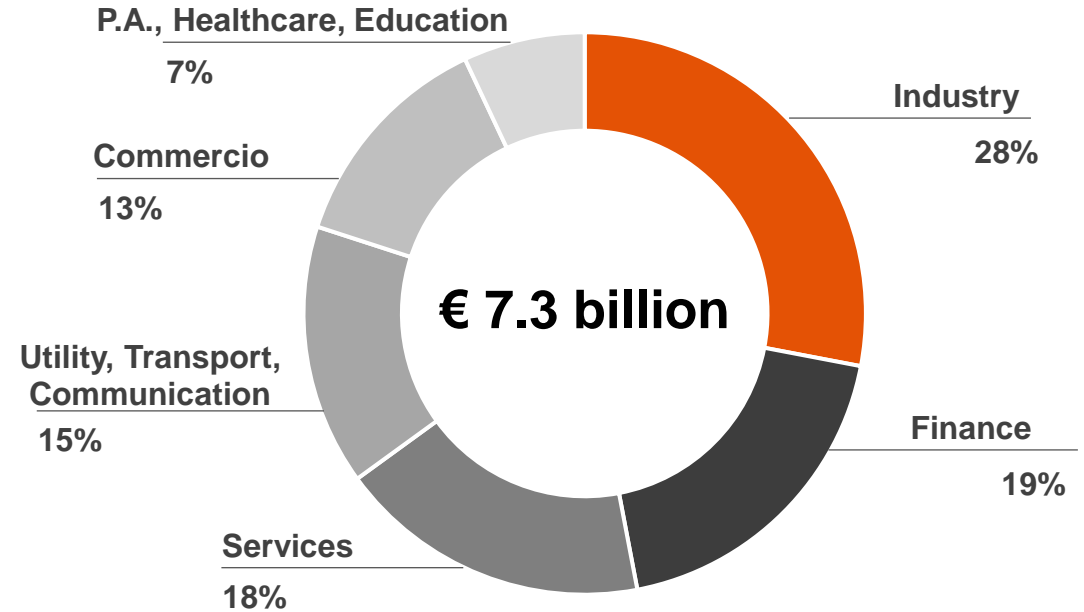


- The analysis of the Italian companies' investments in the **Information Technology (IT)** market, that is excluding telecommunications and simply focusing on expenses in **Hardware, Software and IT Services**, shows once again how **Lazio and Lombardia** are the regions which **in 2020** will train the Italian market, as alone they **will represent more than 40% of the total expenses in this sector**.
- As for the components of this market, **investments in software and IT services** show an expected **CAGR** in the period from 2018 to 2022 equal, respectively, to **6.4%** and **1.3%** and **in 2020** will record an **annual growth of 5.8% (software)** and **1.8% (IT services)**.

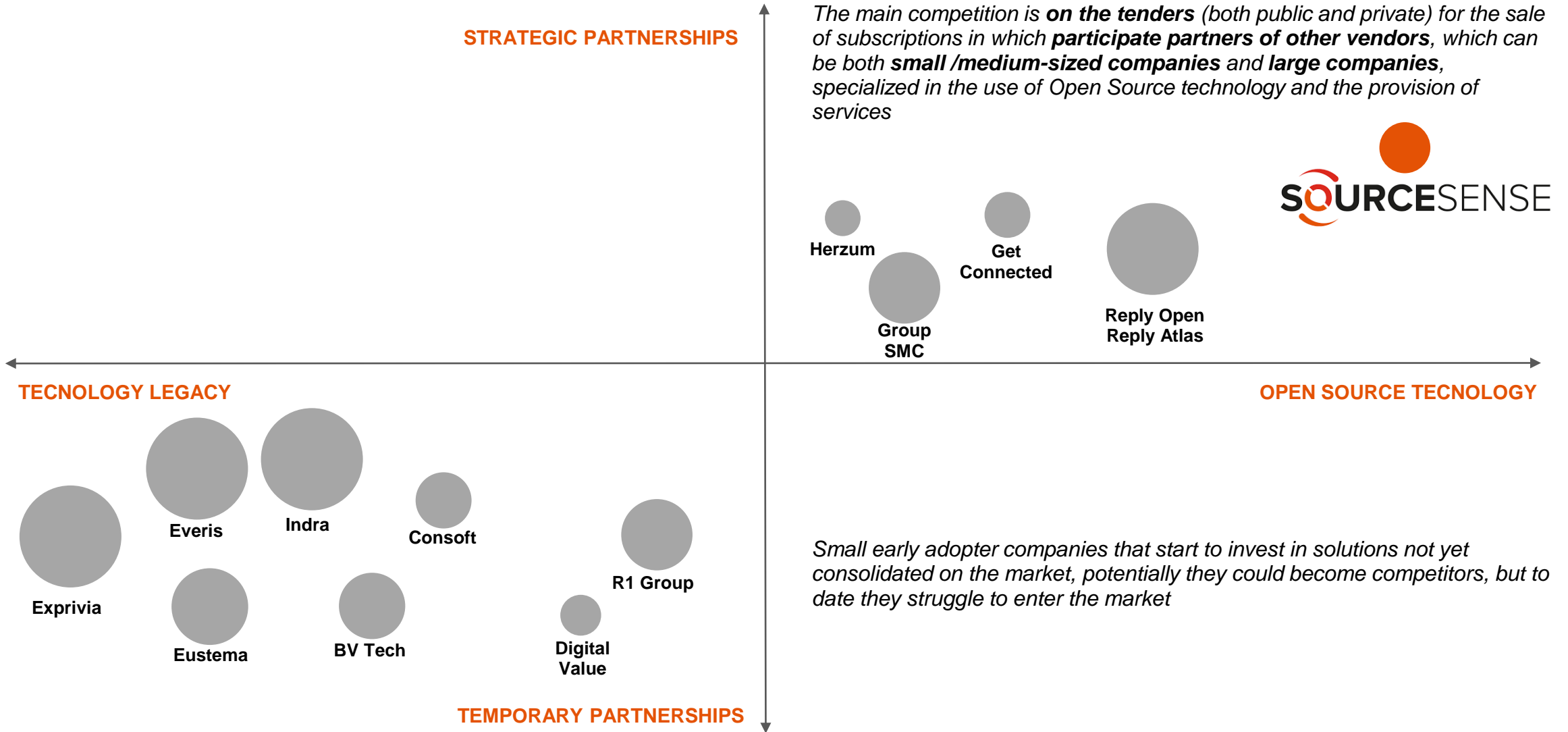
Software market by organization class (2020)



Breakdown by product sector



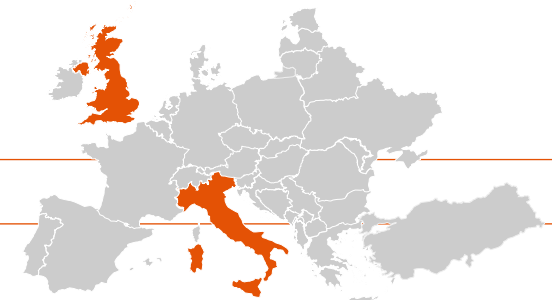
- The **Software market** continues to be one of the **main growth engines** in the **IT industry**. The value of this sector reached 6.9 billion euros in 2019, growing by 5.7% on 2018. In **2020** it will accelerate to reach **7.3 billion euros**, with **growth** rising up to **6.3%**. Once again, it is the **Application Software** that drives the sector, **contributing** more than **50% of the total expenses**. The application market is expected to grow by 7.1% in 2019, for a value of 3.6 billion euros. The **growth**, already significant, will accelerate further **in 2020 up to 7.6%**, leading the segment to **exceed 3.9 billion euros of value**. Enterprise Resource Management (**ERM**) and **Collaborative & Content Applications Applications** are the main contributors to the positive trend.
- Regarding breakdown of expenses by organization class, in 2020 it is expected that **large companies (over 250 employees)** and the **smallest ones (from 1 to 9 employees)** will drive the sector with an estimated expenses respectively of approx. **€ 3.3 billion and €1.7 billion**.
- **Industry** and **Finance** sectors will concentrate **almost 50% of total expenses in 2020**.



3. STRATEGY

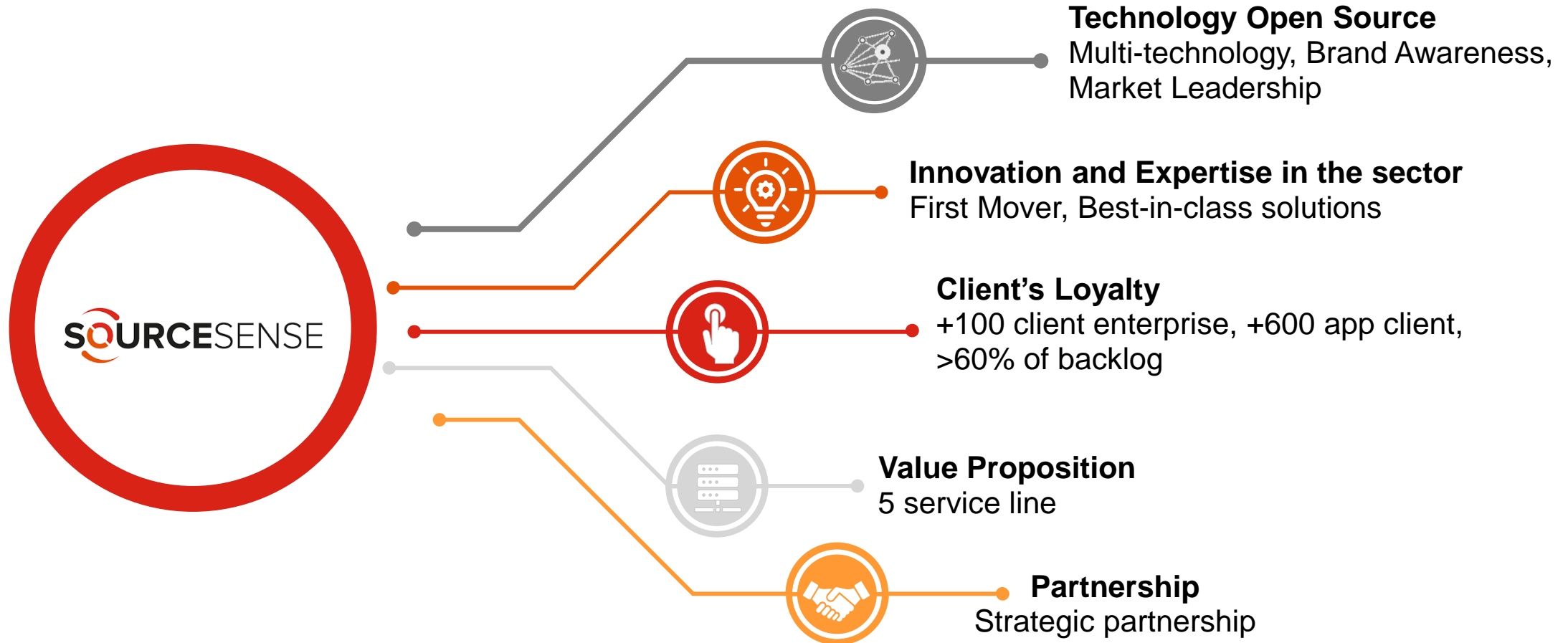
Organic growth

- Consolidation on existing markets: opening of Emilia Romagna / Veneto or Piedmont offices, and/or growth of the UK position
- Expansion of the service lines more profitable (cloud services, enterprise apps)
- Access to unattended markets (small and medium-sized enterprises or global market) with cloud services and enterprise apps
- Geographic expansion in Europe (France, Switzerland and Austria) or USA

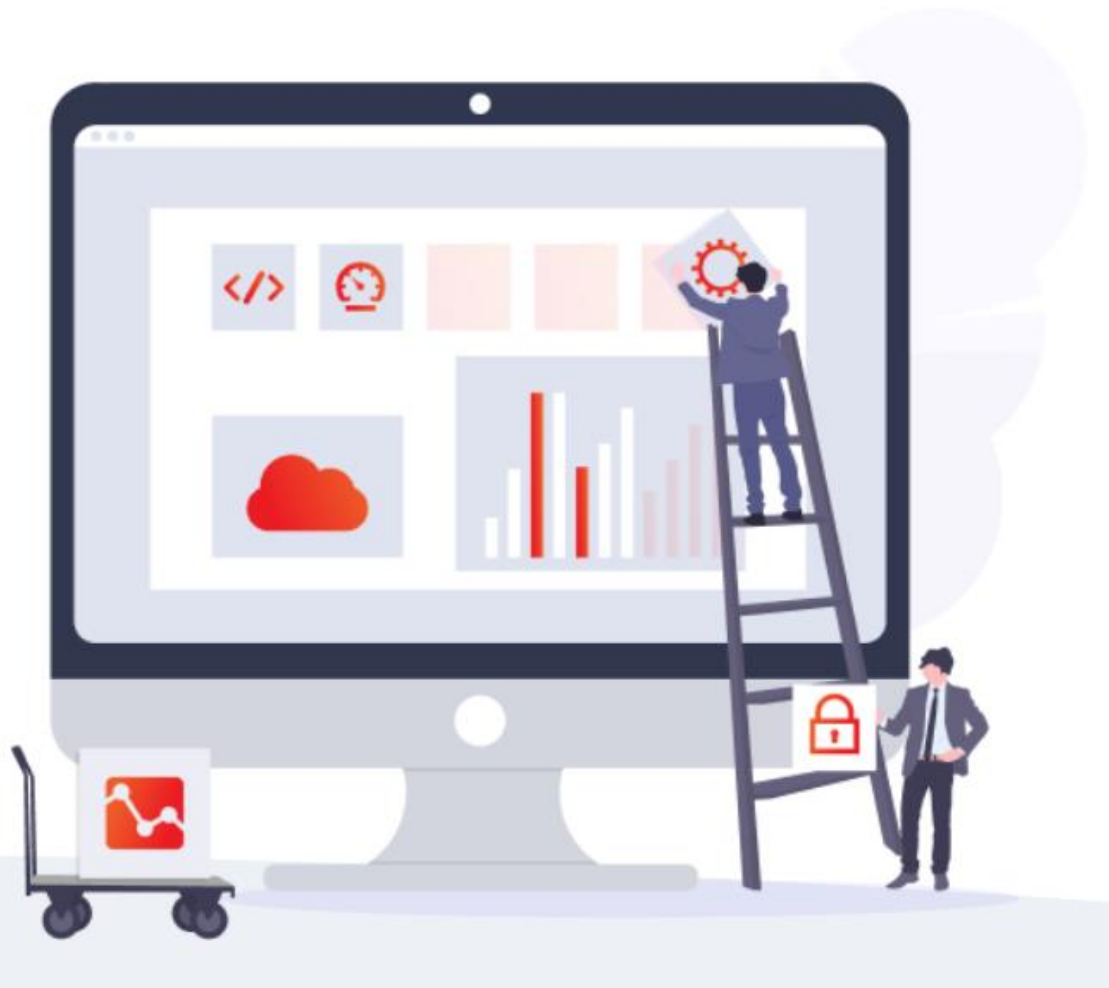


External growth – M&A

TARGET	ACTIVITY	REVENUES 2019 (€ MLN)	EBITDA MARGIN 2019 (%)	GEOGRAPHICAL POSITION	RATIONAL
# 1 (Acquisition)	Cloud/Enterprise App	~ 3,0 - 7,0	~ 10%	Italy /abroad	Technological offer Expansion
# 2 (Acquisition)	Open Source on local enterprise clients	~ 3,0 - 7,0	~ 10%	Italy /abroad	Strengthening of geographical positioning



4. 1H 2020 RESULTS



€ mln

Value of Production

€ 7.1

+22%

EBITDA

€ 0.8

+108%

EBITDA margin

10.8%

Net Income

€ 0.3

+198%

NFP(*)

€ 0.8

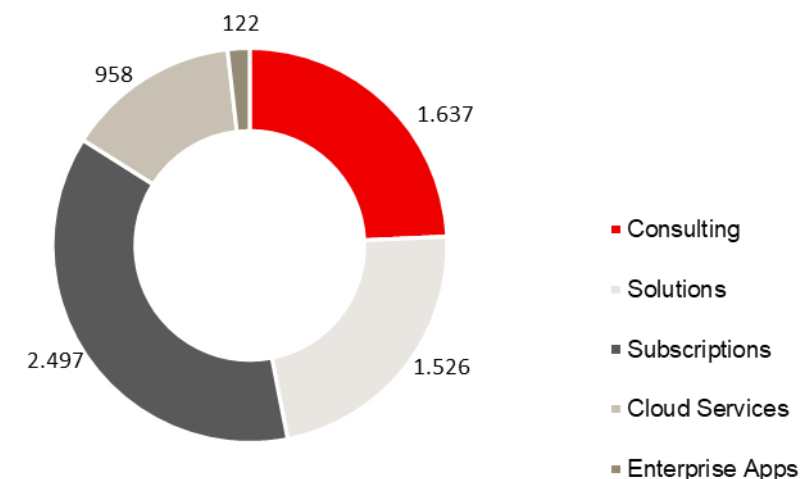
“ Marco Bruni, Chairman and CEO of Sourcesense, commented: “We close the first half with definitely positive results, both in terms of growth and margins. These represent a concrete and positive response to the strategy we have been pursuing since the beginning of the year by consolidating the Service Line Consulting and Solution and encouraging the growth of the other business lines with higher margins. To support our development plan, we will continue to invest in R&D and increase our market share. And, as already announced during our IPO road show, we will continue the scouting activity to conclude one or more M&A operations of companies of proven quality to expand our offer line and our presence on national and international markets.”

Marco Bruni, Chairman and CEO of Sourcesense

(*) Net debt

(€/000)	1H 2020	1H 2019	CHANGE 2020/2019	%
Sales and services revenues	6,740.0	5,697.0	1,043.0	18%
Total Revenues	6,740.0	5,697.0	1,043.0	18%
Increases in fixed assets for internal work	91.0	136.0	(45.0)	-33%
Other income	312.0	13.0	299.0	2300%
Value of production	7,143.0	5,846.0	1,297.0	22%
Consumption of raw and ancillary materials	(2,039.0)	(1,077.0)	(962.0)	89%
Cost of services	(910.0)	(869.0)	(41.0)	5%
Leases and rentals	(190.0)	(209.0)	19.0	-9%
Personnel Expenses	(3,208.0)	(3,300.0)	92.0	-3%
Other operating expenses	(23.0)	(19.0)	(4.0)	21%
EBITDA	773.0	372.0	401.0	108%
<i>EBITDA margin</i>	10.8%	6.4%		
Depreciation of intangible fixed assets	(302.0)	(33.0)	(269.0)	815%
Depreciation of tangible fixed assets	(5.0)	(2.0)	(3.0)	150%
Credit write-downs	0.0	0.0	0.0	
EBIT	466.0	337.0	129.0	38%
<i>EBIT margin</i>	6.5%	5.8%		
Financial income / (charges)	(47.0)	(55.0)	8.0	-15%
Exchange profit/(losses)	(36.0)	(81.0)	45.0	-56%
Financial management balance	(83.0)	(136.0)	53.0	-39%
Financial asset value adjustments	3.0	0.0	3.0	
EBT	386.0	201.0	185.0	92%
Taxes	(103.0)	(106.0)	3.0	-3%
Net income	283.0	95.0	188.0	198%
<i>Profit margin</i>	4.0%	1.6%		

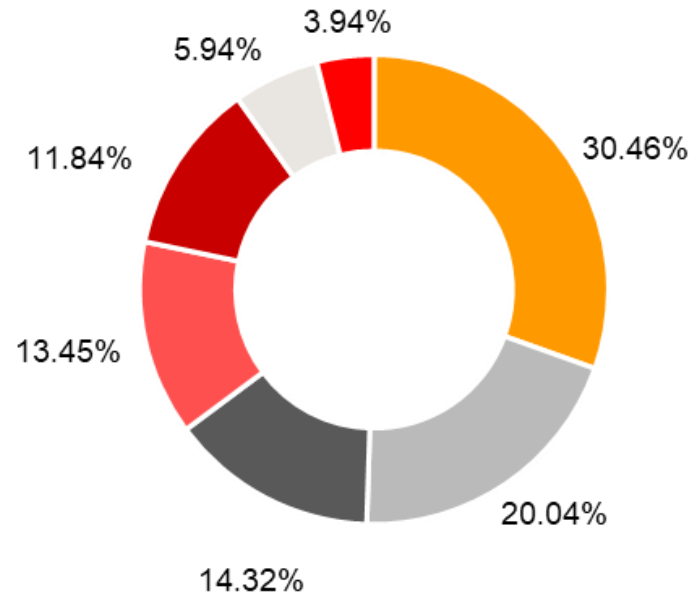
Sales Revenues of € 6.7 million (€ 5.7 million) show an increase of approximately 18% compared to sales in the corresponding period of 2019. This overall value summarizes the differentiated growth trends of the individual service lines absolute terms still remains relevant for the Consulting and Solution BUs. In percentage terms compared to 30 June 2019, the Enterprise App BU and the Cloud Services BU grew by 28% and 27% respectively.



EBITDA is € 0.8 million (€ 0.4 million at 30 June 2019). The significant increase of 108% compared to the previous year is linked to the continuous commitment, initiated in the previous years and in continuity with the strategic approach adopted by the Group, to direct activities towards the service lines with greater added value that allow for greater efficiency rather than better scalability.

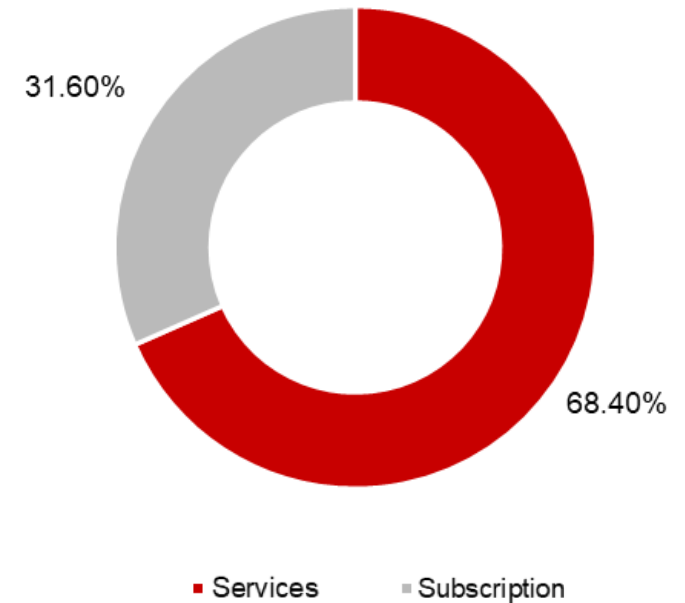
ITALY

BREAKDOWN BY SECTOR (% ON VALUE)



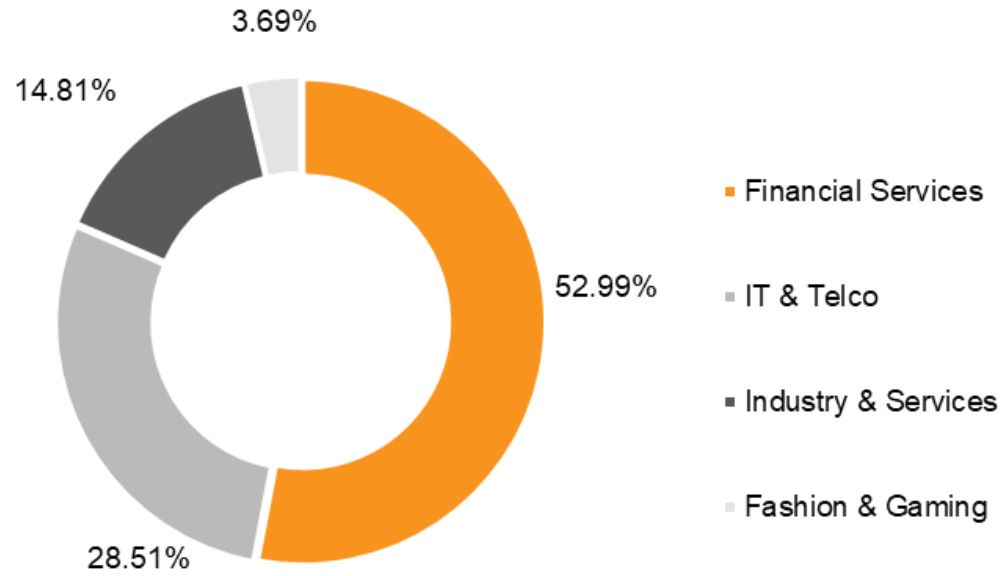
- Industry & Services
- Telco & Utility
- Public Administration
- Publishing & Media
- Banking & Assurance
- Fashion & Gaming
- Other

SUBSCRIPTION AND SERVICES WEIGHT

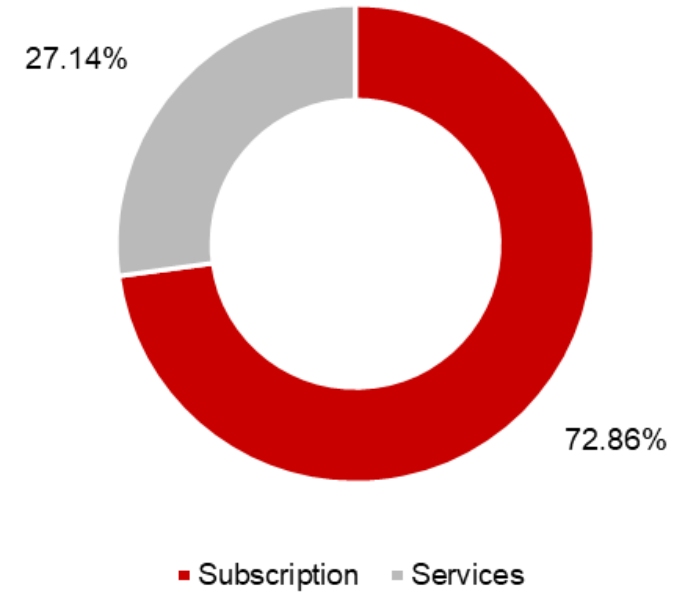


UK

BREAKDOWN BY SECTOR (% ON VALUE)



SUBSCRIPTION AND SERVICES WEIGHT



(€/000)			CHANGE
	1H2020	FY2019	2020/2019
Receivables from customers	6,494.0	7,579.0	(1,085.0)
Payables to suppliers	2,409.0	2,562.0	(153.0)
Advances from customers	293.0	433.0	(140.0)
Operating working capital	3,792.0	4,584.0	(792.0)
Other activities	1,481.0	1,092.0	389.0
Other liabilities and provisions	2,239.0	2,339.0	(100.0)
Net working capital	3,034.0	3,337.0	(303.0)
Tangible fixed assets	106.0	16.0	90.0
Intangible fixed assets	917.0	980.0	(63.0)
Financial fixed assets	2	2	0
Fixed assets	1,025.0	998.0	27.0
Gross invested capital	4,059.0	4,335.0	(276.0)
TFR	(1,338.0)	(1,320.0)	(18.0)
Fondi rischi e oneri		(2.0)	2.0
Net invested capital	2,721.0	3,013.0	(292.0)
bank and other short-term loans	1,414.0	1,453.0	(39.0)
bank and other long-term loans	371.0	382.0	(11.0)
Total financial debt	1,785.0	1,835.0	(50.0)
Cash and cash equivalents	(1,001.0)	(482.0)	(519.0)
NFP	784.0	1,353.0	(569.0)
Share capital	558.0	558.0	0.0
Reserves	1,096.0	555.0	541.0
Profit/(loss)	283.0	546.0	(263.0)
Shareholders' Equity	1,937.0	1,660.0	277.0
Total sources	2,721.0	3,013.0	(292.0)

Shareholders' equity amounted to € 1.9 million against € 1.7 million at 31 December 2019 with an increase mainly due to the operating results for 2019-2020.

(€/000)	30.06.2020	31.12.2019
Cash and cash equivalents	1,001.0	482.0
Non-fixed financial assets	0.0	0.0
Short-term financial debts		
Payables to banks within 12 months	1,265.0	1,269.0
Payables to others within 12 months	149.0	184.0
Total short-term financial debts	1,414.0	1,453.0
Short-term Net Financial Position	(413)	(971)
Medium / long-term financial debts		
Payables to banks over 12 months	275.0	224.0
Payables to others over 12 months	96.0	158.0
Total medium/ long-term financial debts	(371.0)	(382.0)
Net Financial Position	(784)	(1,353)

Net financial debt is equal to € 0.8 million with a significant improvement compared to the debt at 31 December 2019 of € 1.4 million.

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