

Reditus Improves Net Result

- **Net Income reaches 49 thousand Euros (vs. 3,0 million Euro loss in 2018)**
- **EBITDA margin of 16.3% (vs. 13.9% in 2018)**
- **EBITDA at 4.0 million Euros (vs. 4.5 million Euros in 2018)**
- **Operating Revenue at 24.4 million Euros (vs. 32.4 million Euros in 2018)**
- **International Sales represented 35% of total (vs. 41% in 2018)**

Preliminary Remark

The financial statements for 2018 were restated in accordance with IAS 8, as CMVM (the Stock Exchange Regulation Authority) determined that the intangible asset recognized by TORA in 2004, referring to a commercial representation contract, should be reclassified.

The Board of Directors has therefore considered that, since such corrections relate to previous exercises, the restatement of the amounts recognized to date in intangible assets, in goodwill and in deferred tax liabilities, should be registered in Retained Earnings.

1. Summary of the Activity

The FY 2019 shows a continued good operational performance of the Reditus Group, representing a significant improvement in the EBITDA margin over the same period in 2018.

The success of the strategy implemented by the Group, with its internal reorganization and focus on core activities, together with a recovery of the economy, the implementation of digital transformation projects by a number of corporations and the effects of the Brexit, have opened a range of opportunities for several Reditus' business sectors throughout the year.

The operational indicators of the Reditus Group registered a positive evolution compared to the previous period, as evidenced by the positive variation in EBITDA margin and in Operating Income. EBITDA was 4.0 million Euros in 2019, compared to 4.5 million in the same period of the previous year. In spite of a decrease in absolute value, the EBITDA margin reached 16.3%, which represents 2.4 pp above the value registered in 2018 and an improvement of 4.7 pp in relation to 2017.

The Net Result was positive by 49 thousand Euros, revealing a positive variation of 3.1 million Euros over the same period of the previous year. This result was positively impacted by the rationalization of expenditures, namely personnel costs, external supplies of goods and services, and financial costs.

Operating Revenue decreased by 24.8% to 24.4 million Euros, vv. 32.4 million Euros in the previous year. This reduction in Revenue negatively impacted the Group's EBITDA by 11.8%, when compared with 2018.

The reduction in Revenue affected all 3 business segments:

The *ITO* sector suffered slightly more than the others, with a 20.3% contraction. The Group has been developing a strategy to obtain new, smaller but more profitable projects. As a result, new businesses were awarded in this period not only in installed-base customers, renewing existing contracts, but also with new clients. These *ITO* sector results are mostly the reflection of a drop in international revenues and of a focus on higher value-added projects. While this strategy led to a drop in revenues for the segment, it afforded an improvement in EBITDA and in EBITDA margin.

The *IT Consulting* sector registered a 13% revenue contraction. EBITDA and EBITDA margin, albeit negatively affected, were able to register positive values of respectively 1.04 M€ and 6.4%.

The *BPO* sector has also suffered a 13% revenue contraction and its EBITDA and EBITDA margin, while also negatively affected, registered positive values of respectively 542 K€ and 5.2%.

In the International Area, revenue decreased by 34.8% in 2019 compared to 2018, reducing its weight relative to the Group's overall revenue from 41% to 35%. With a value in excess of 8.5 million Euros, it continues to reflect the commitment of Reditus to its business in international geographies, and the sustainability of long-term projects in the area of ITC and ITO.

The Group's expectations for the coming year include actively pursuing new opportunities in the international market, as well as in *Nearshore* projects.

2. Consolidated Indicators

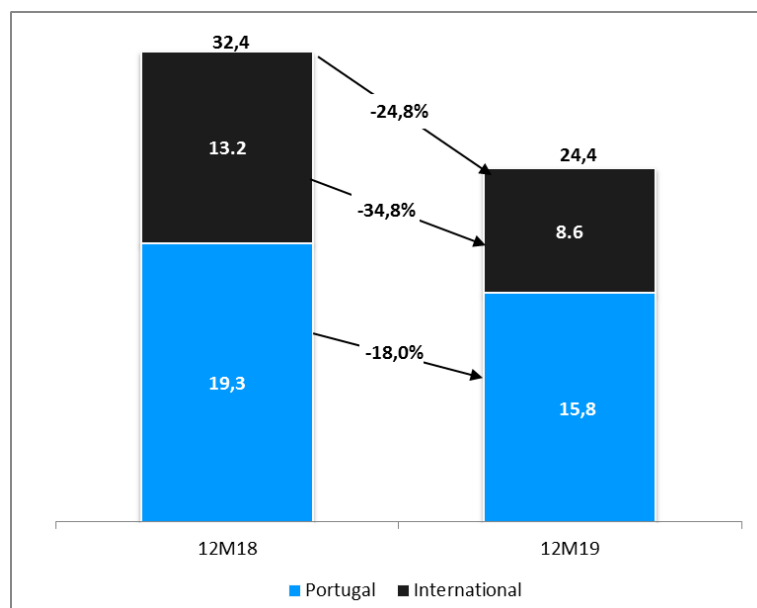
2.1. Consolidated Operating Revenue

Operating Revenues amounted to 24.4 million Euros in 2019, against 32.4 million euros in the previous year, or a decrease of 24.8%.

Revenues in the domestic market contracted 18.0% over 2018, as result of major retractions in all segments, namely *ITO* and *BPO*.

International Sales, namely in the African market where the Group has subsidiaries and despite having suffered a reduction of 34.8% relative to 2018, still represented about 35% of the total Group's Revenues.

Operating Revenue € Millions



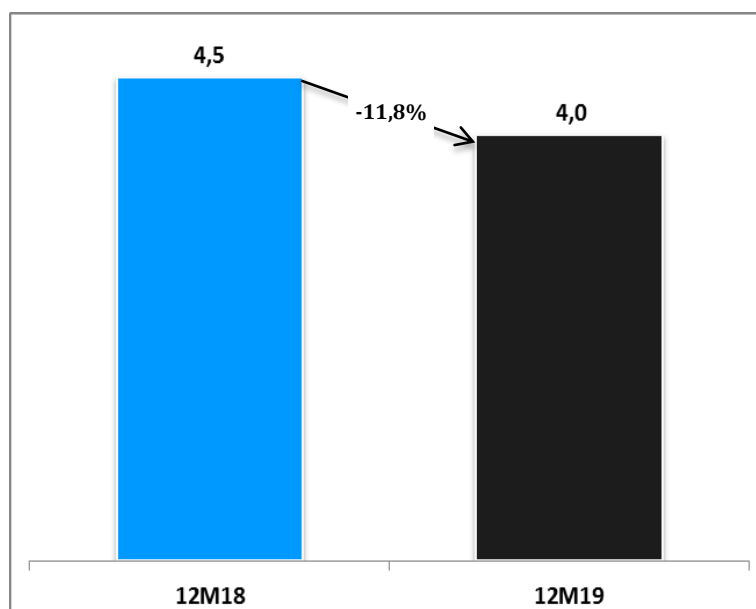
2.2. Operating Expenses

Consolidated Operating Expenses, net of Depreciation, Provisions and Adjustments, amounted to 20.4 million euros in 2019; this accounts for 83.7% of total Revenue and represents a decrease of 27,9% over 2018, when they represented 86,1% of total Revenue, reflecting the continuous implementation of the previously defined cost and overhead rationalization measures, in adequacy with the new reality of the Group’s businesses.

2.3. Operating Result before Amortizations (EBITDA)

Consolidated EBITDA reached 4.0 million Euros in 2019, which compares with 4.5 Million in 2018, or a 11.8% decrease. The EBITDA margin was 16.3%, or 2.4 pp above the margin of 13.9% achieved in the previous year.

EBITDA
€ Millions



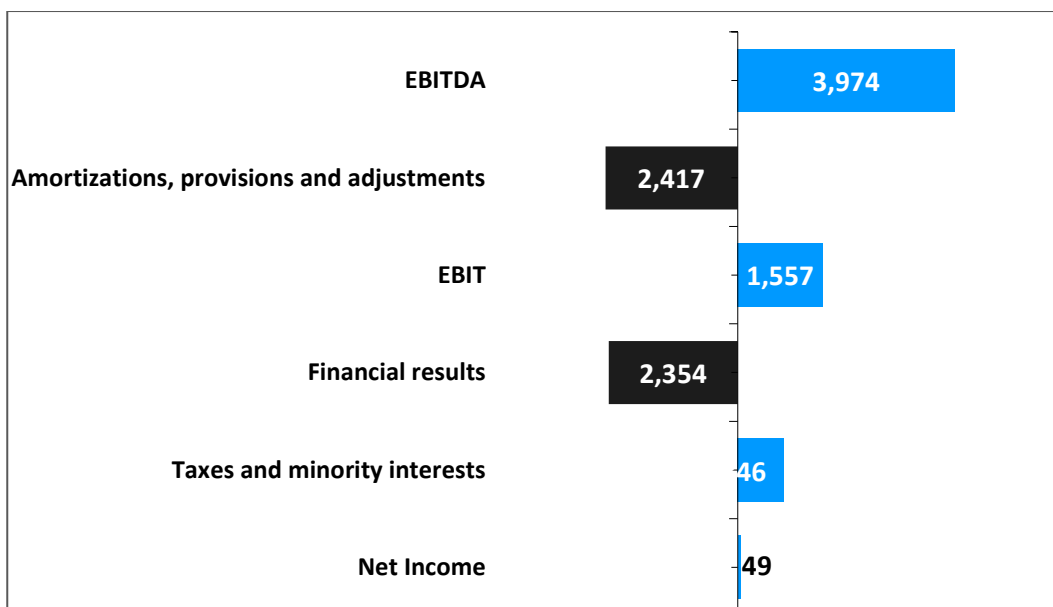
2.4. Net Result

Depreciations, Amortizations, Provisions and Adjustments amounted to 2.4 million Euros in 2019, a 38.7% decrease from the previous year.

The Operational Result (EBIT) was positive with 1.56 million Euros, a increase of 1.0 million Euros over the 0.56 million Euros reached in 2018.

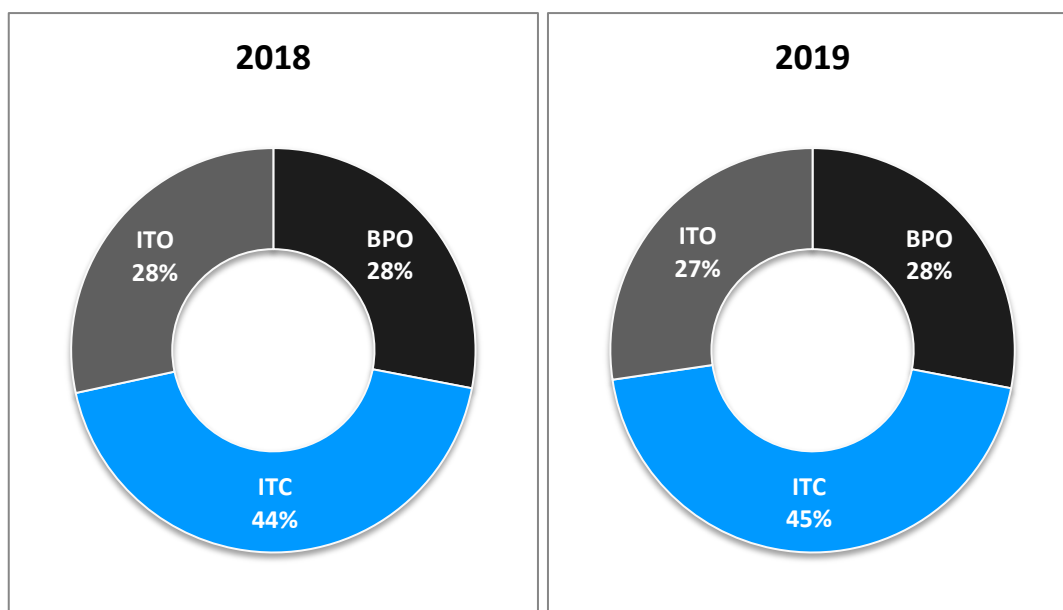
Negative Financial Results improved by 30.9% compared to 2018, reaching 2.4 million Euros; this result was negatively impacted by 0.287 million Euros relating to the Net Present Value of amounts due by customers.

The Continued Operations' Net Income reached 0.05 million Euros in 2019, which compares with a Net Loss of 3.05 million Euros for the previous year.

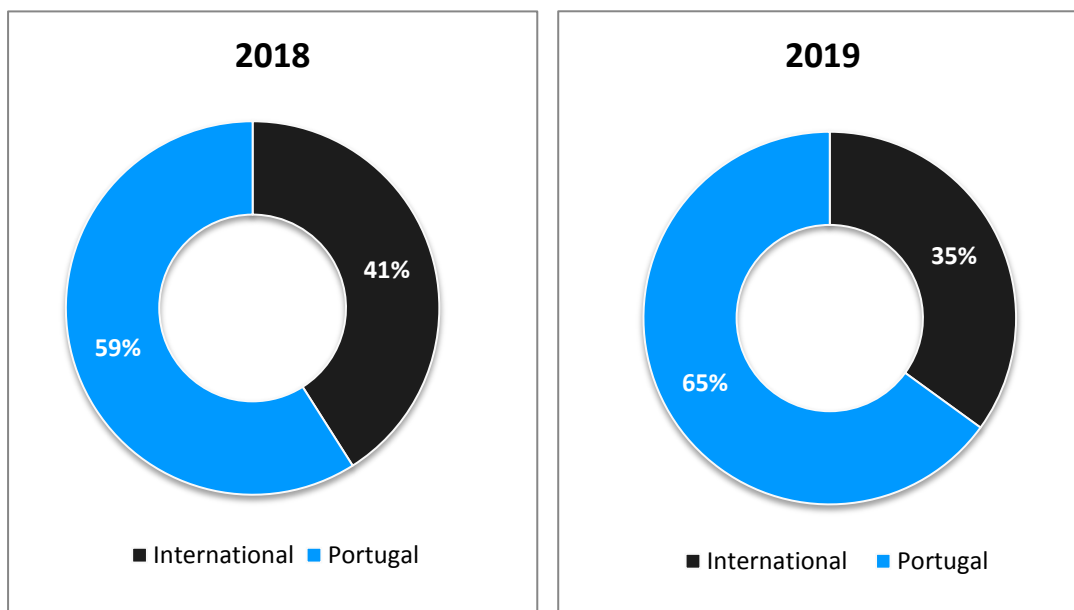


3. Indicators by Business Sectors

Revenue by Business Sector



Revenue by Geographic Markets



3.1. IT Consulting

IT Consulting integrates the business segments of Consulting, Platforms and Applications, and Specialized Outsourcing. This area represented 45% of the Group's total Revenue in 2019.

The *IT Consulting* segment offers consulting, process management, application development / maintenance and management services, Business Intelligence and applications, open source solutions, and outsourcing services specializing in Information Technology. Services include the management, administration and support of technology platforms.

Revenues for the *ITC* area reached 16.3 million Euros in 2019, a 13.0% decrease over the previous year. EBITDA amounted to 1.0 million Euros, which compares with 2.98 million Euros in 2018.

3.2. IT Outsourcing

Reditus' *IT Outsourcing* area comprises the *IT Infrastructure* skills and represented 26% of total revenues in 2019.

The *IT Infrastructure* segment offers services, projects and infrastructure solutions for information technology. Services include management, administration and support of technological platforms, based on a logic of liability agreement or of functional outsourcing.

Revenues from this area reached 9.7 million Euros in 2019, a decrease of 20.3% over the previous year. EBITDA reached 2.39 million Euros, representing a 1.44 million Euros improvement over 2018.

3.3. Business Process Outsourcing (BPO)

The *BPO* area provides Contact Center services and business support, developing inbound and outbound services for customer support and retention, mail handling, document preparation, scanning, file custody, credit processing - corporate, mortgage, consumer and automobile, insurance claims - automotive, multi-risk and occupational hazards, processing of credit, debit and student cards, complaint management, among others. This area represented 29% of Reditus' overall business in 2019.

Operating Revenues amounted to 10.4 million Euros, a decrease of 13% over the previous year. EBITDA reached a positive value of 0.542 million Euros in 2019, which compares with a positive value of 0.578 million Euros in 2018. In the context of strong competition, the Group is pursuing its strategy of making differentiated propositions, in growing the business with a focus in profitability and on projects with more favourable margins.

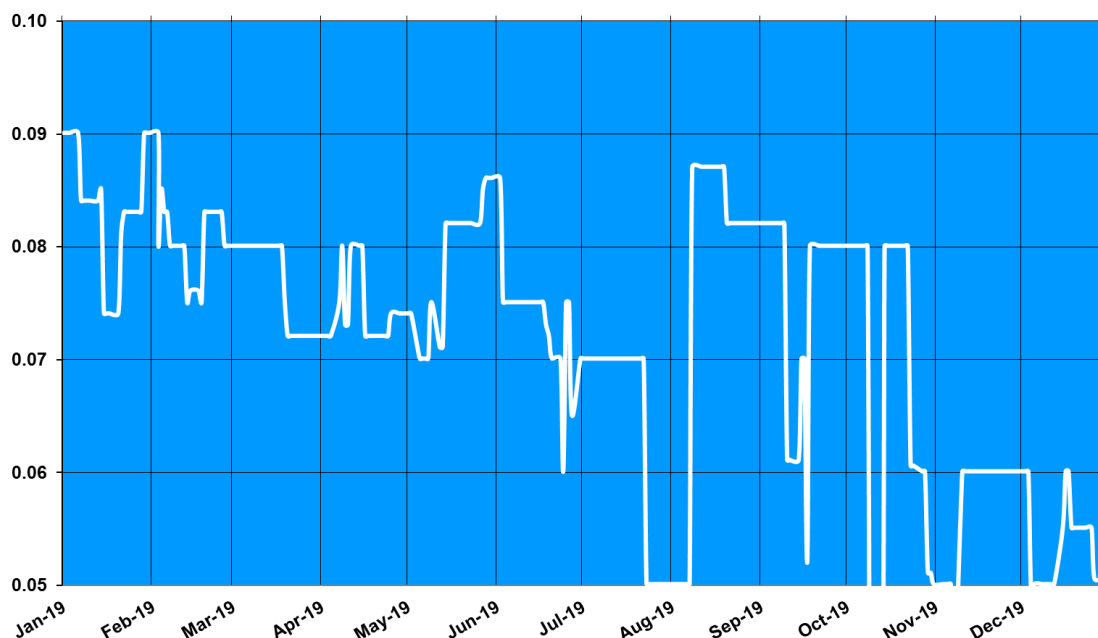
4. Main Balance Sheet Items

€ Millions			
	31-Dec-2019	31-Dec-2018 Restated	Var. %
Total Assets	163.2	157.6	3.6%
Non-Current Assets	94.2	91.2	3.3%
Current Assets	69.0	66.4	3.9%
Equity	15.4	15.4	0.5%
Total Liabilities	147.8	142.2	3.9%
Non-Current Liabilities	36.1	92.9	- 61.1%
Current Liabilities	111.6	49.3	126.3%
Net Debt	58.8	59.2	- 0.7%

At the end of 2019, net bank debt (including loans and lease liabilities, less cash and cash equivalents) was 58.8 million Euros, which compares with 59.2 million Euros at the end of 2018, or a decrease of 0.7%.

5. Stock Market Performance

Stock Market Performance



At the end of 4Q19, Reditus' share closing price was 0.05 Euros, which compares with 0.09 Euros at the beginning of the year.

In terms of liquidity, 373 thousand Reditus' shares were traded during the 4Q19, representing a transaction value of 29 thousand euros.

The average number of shares traded daily stood at about 1,517, corresponding to a daily average of approximately 112 euros.

6. EBITDA by Business Sector

	31-Dec-2019	31-Dec-2018 Restated	YoY %
TOTAL REDITUS			
Operating Revenues	24,398	32,445	-24.8%
Sales	494	533	-7.2%
Services Rendered	23,555	31,021	-24.1%
Other Operating Revenues	348	891	-60.9%
Operating Expenses (excluding deprec., provisions and adjust.)	20,424	27,940	-26.9%
EBITDA	3,974	4,505	-11.8%
EBITDA Margin	16.3%	13.9%	2.4pp
ITC			
Operating Revenues	16,310	18,747	-13.0%
Sales	145	18	725.7%
Services Rendered	15,911	18,022	-11.7%
Other Operating Revenues	255	708	-64.0%
Operating Expenses (excluding deprec., provisions and adjust.)	15,266	15,764	-3.2%
EBITDA	1,044	2,984	-65.0%
EBITDA Margin	6.4%	15.9%	-9.5pp
ITO			
Operating Revenues	9,730	12,209	-20.3%
Sales	503	662	-24.1%
Services Rendered	9,013	11,129	-19.0%
Other Operating Revenues	213	418	-49.0%
Operating Expenses (excluding deprec., provisions and adjust.)	7,342	11,266	-34.8%
EBITDA	2,387	943	153.1%
EBITDA Margin	24.5%	7.7%	16.8pp
BPO			
Operating Revenues	10,480	12,046	-13.0%
Sales	-	-	0.0%
Services Rendered	10,480	12,045	-13.0%
Other Operating Revenues	1	1	0.0%
Operating Expenses (excluding deprec., provisions and adjust.)	9,938	11,468	-13.3%
EBITDA	542	578	-6.2%
EBITDA Margin	5.2%	4.8%	0.4pp
Other and Intra-group			
Operating Revenues	(12,122)	(10,558)	
Sales	(153)	(147)	
Services Rendered	(11,849)	(10,175)	
Other Operating Revenues	(120)	(235)	
Operating Expenses (excluding deprec., provisions and adjust.)	(12,122)	(10,558)	

REDITUS, SGPS, SA
CONSOLIDATED INCOME STATEMENT
 FOR THE PERIODS ENDED DECEMBER 31st, 2019 AND DECEMBER 31st, 2018
 (Values expressed in Euros)

	31-Dec-2019	31-Dec-2018 Restated
OPERATING REVENUES		
Sales	494,398	532,749
Services rendered	23,555,489	31,021,100
Other operating revenues	348,328	891,355
Total Operating Revenues	24,398,215	32,445,204
OPERATING COSTS		
Inventories consumed and sold	(434,609)	(546,589)
External supplies and services	(8,855,105)	(10,636,020)
Staff costs	(10,746,867)	(15,770,246)
Depreciation and amortisation costs	(1,720,112)	(2,380,597)
Provisions and impairments	(696,914)	(1,564,547)
Other operating costs	(387,763)	(986,950)
Total Operating Costs	(22,841,370)	(31,884,949)
Net Operating Income	1,556,845	560,255
FINANCIAL RESULTS		
Net financial costs	(2,353,674)	(3,405,468)
Net losses in associate companies	-	-
Income before taxes	(2,353,674)	(3,405,468)
Taxation	956,898	(210,890)
Income before minority interests	160,069	(3,056,103)
Minority interests	(110,918)	5,786
Net income	49,151	(3,050,317)
EBITDA	3,973,871	4,505,399
EBITDA Margin	16.3%	13.9%

REDITUS, SGPS, SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31st, 2019 AND DECEMBER 31st, 2018
 (Values expressed in Euros)

	31-Dec-2019	31-Dec-2018 Restated
ASSETS		
NON-CURRENT ASSETS:		
Tangible Fixed Assets	6,599,549	6,831,784
Investment Properties	1,509,000	1,509,000
Goodwill	38,711,899	38,711,899
Intangible Assets	5,567,361	6,249,521
Customer receivables	35,928,662	29,927,618
Other Receivables	1,075,874	1,049,458
Other Financial Investments	1,884,576	4,982,959
Deferred Tax Assets	2,953,496	1,915,349
	<u>94,230,417</u>	<u>91,177,588</u>
CURRENT ASSETS:		
Inventories	249,500	204,496
Customer receivables	29,692,551	36,989,627
Other account receivables	7,819,482	4,848,986
Other current assets	29,965,483	23,175,103
Financial assets at fair value	7,167	8,112
Cash and equivalents	1,242,532	1,174,596
	<u>68,976,715</u>	<u>66,400,920</u>
TOTAL ASSETS	<u>163,207,132</u>	<u>157,578,508</u>
EQUITY		
Share Capital	14,638,691	14,638,691
Treasury shares	(255,183)	(255,183)
Share premium account	9,952,762	9,952,762
Reserves	4,812,483	4,812,483
Retained earnings	(15,157,388)	(12,107,071)
Valuation surplus of fixed assets	1,215,489	1,260,288
Consolidated net income for the year	49,151	(3,050,317)
Equity attributable to equity holders of Reditus	<u>15,256,005</u>	<u>15,251,653</u>
Equity attributable to minority interests	191,100	120,326
Total equity	<u>15,447,105</u>	<u>15,371,979</u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Loans	28,762,729	49,004,263
Other accounts payable	2,482,308	38,512,612
Deferred tax liabilities	918,151	1,045,584
Financial leasing liabilities	3,961,955	4,324,423
	<u>36,125,143</u>	<u>92,886,882</u>
CURRENT LIABILITIES:		
Loans	26,929,610	6,684,427
Suppliers	10,204,381	9,437,022
Other accounts payable	60,315,491	20,694,435
Other current liabilities	13,823,488	12,137,177
Financial leasing liabilities	361,914	366,586
	<u>111,634,884</u>	<u>49,319,647</u>
TOTAL LIABILITIES	<u>147,760,027</u>	<u>142,206,529</u>
TOTAL EQUITY AND LIABILITIES	<u>163,207,132</u>	<u>157,578,508</u>