

FOS Group | NEXT GEMs

3-4-5 November 2020



FOS at a glance

Sector

FOS Spa, founded in 1999, has the status of Innovative SME and deals primarily with the design, development and marketing of digital services and solutions for data management and protection that integrate software applications, hardware devices and network infrastructures.

Activities & Clients

The Issuer is at the head of a group composed of several companies with vertical technological capabilities that operate in an integrated manner in the following sectors :



Management services of large technological infrastructures (e.g. datacenters) and complex management application systems both on premises at the client's production sites and remotely.
Implementation of Technological Innovation Projects and software development for specific requests of sectors and clients mainly in the health, energy and industry areas.

3,4 €Mln
VoP 1H 2020

3,2 €Mln
VoP 1H 2019



Electronic Design, Electronic Equipment Maintenance, Reverse Engineering, Firmware and Logistics Programming in the electronic and mechanical area mainly in the Telecommunication, Gaming and Biomedical sectors.

1,0 €Mln
VoP 1H 2020

0,9 €Mln
VoP 1H 2019



Development of innovative research projects, aimed at the generation of prototypes to be placed on the market through Joint Research Centers.

1,1 €Mln
VoP 1H 2020

1,0 €Mln
VoP 1H 2019



Supervision / remote control and process automation to propose, through close collaboration with the main technology leaders currently active on the market, innovative solutions for the management and operation of plants.

0,2 €Mln
VoP 1H 2020

n.a.

Board



Brunello Botte
Chairman

- Over 45 years of professional experience and co-founder of FOS.
- Director of Elsas Bailey.
- Director of M&A Siemens S.p.A.
- Purchasing Director of Wireline Telecom Italia S.p.A.
- Director of electronic counter division Enel S.p.A.
- Chairman of Enel-Si S.p.A and Enel Romania.



Enrico Botte
CEO

- Over 20 years of professional experience and co-founder of FOS.
- Chairman of Confindustria Giovani Genova.
- Deputy-Chairman of Piccola Industria Genova.
- Youth group coordinator gathered in Genova.
- Start up desk promoter.
- Advisory Board of North West Unicredit Bank.
- Chairman of SIIT PMI



Matteo Pedrelli
CEO

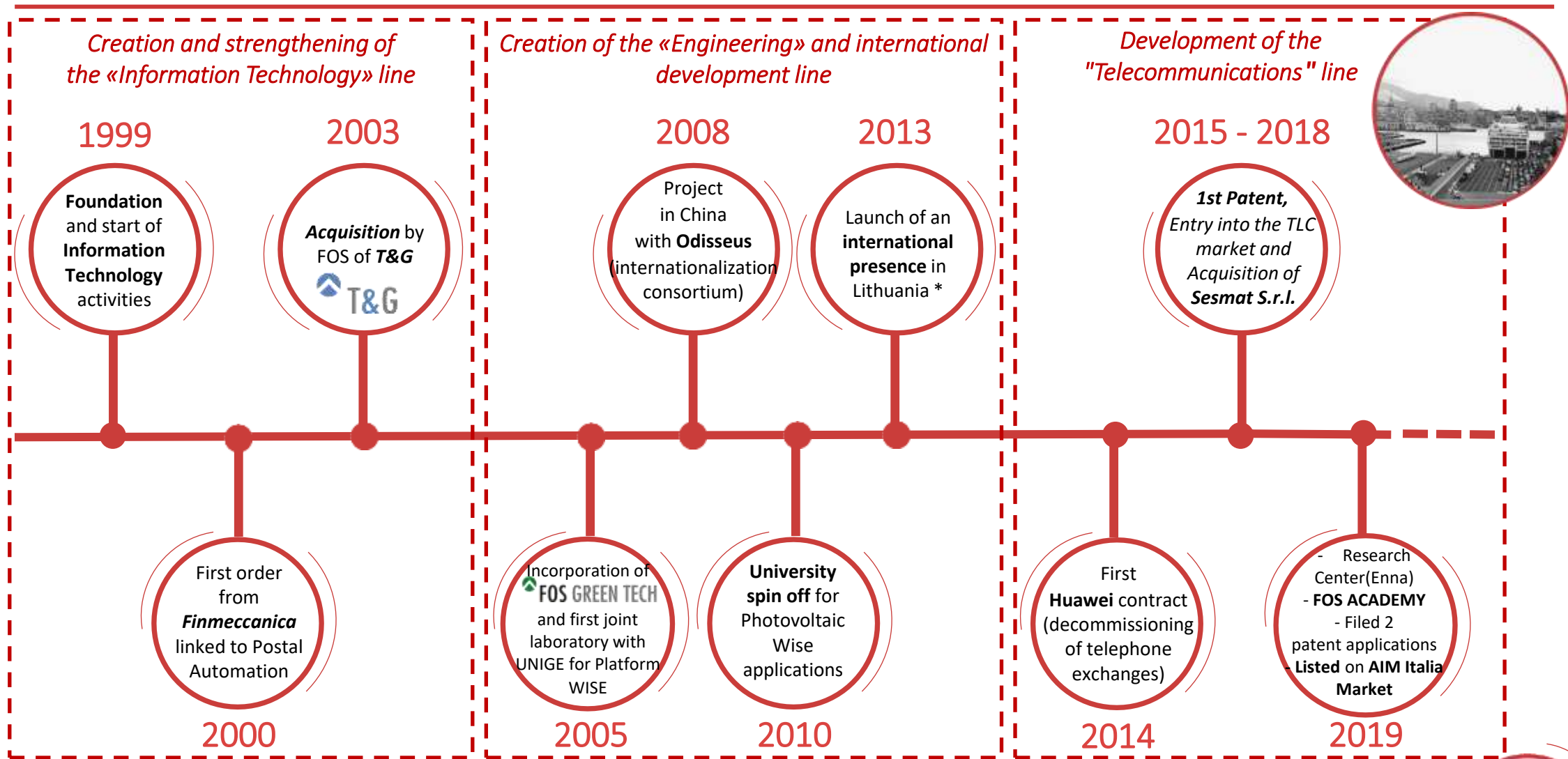
- Over 25 years of professional experience and co-founder of FOS.
- Past Chairman of the Confindustria Genoa IT industry.
- Civil consumer electronic business activity.



Marco Caneva
Independent Director

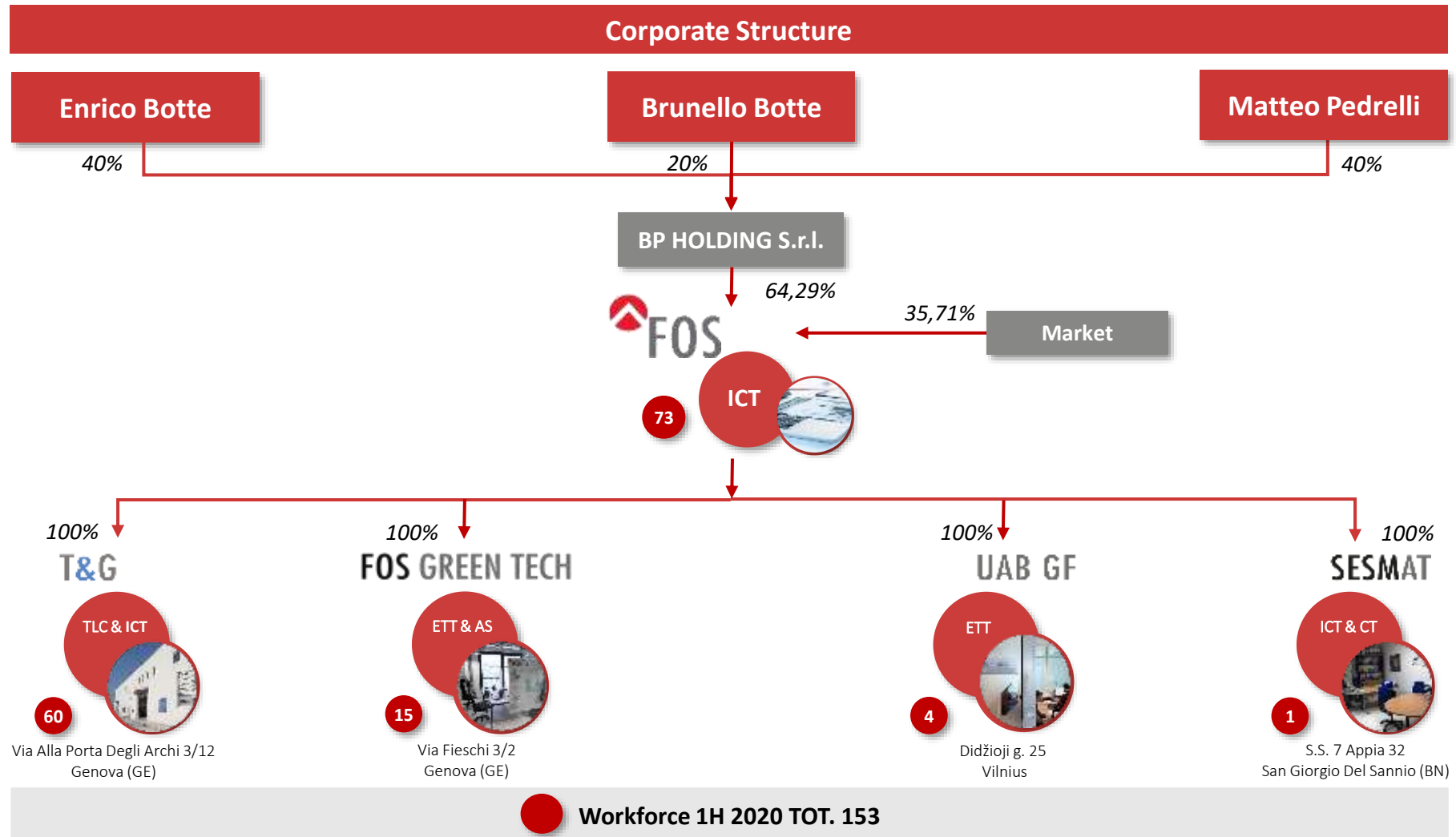
- Co-founder of Calit Advisors.
- Head of Private Equity and M&A of Hofima SpA (Family Office of the Malacalza Family).
- Investment banking at Goldman Sachs.
- Covered various positions on boards of directors.
- Professional with over 22 years of investment experience.

Company History

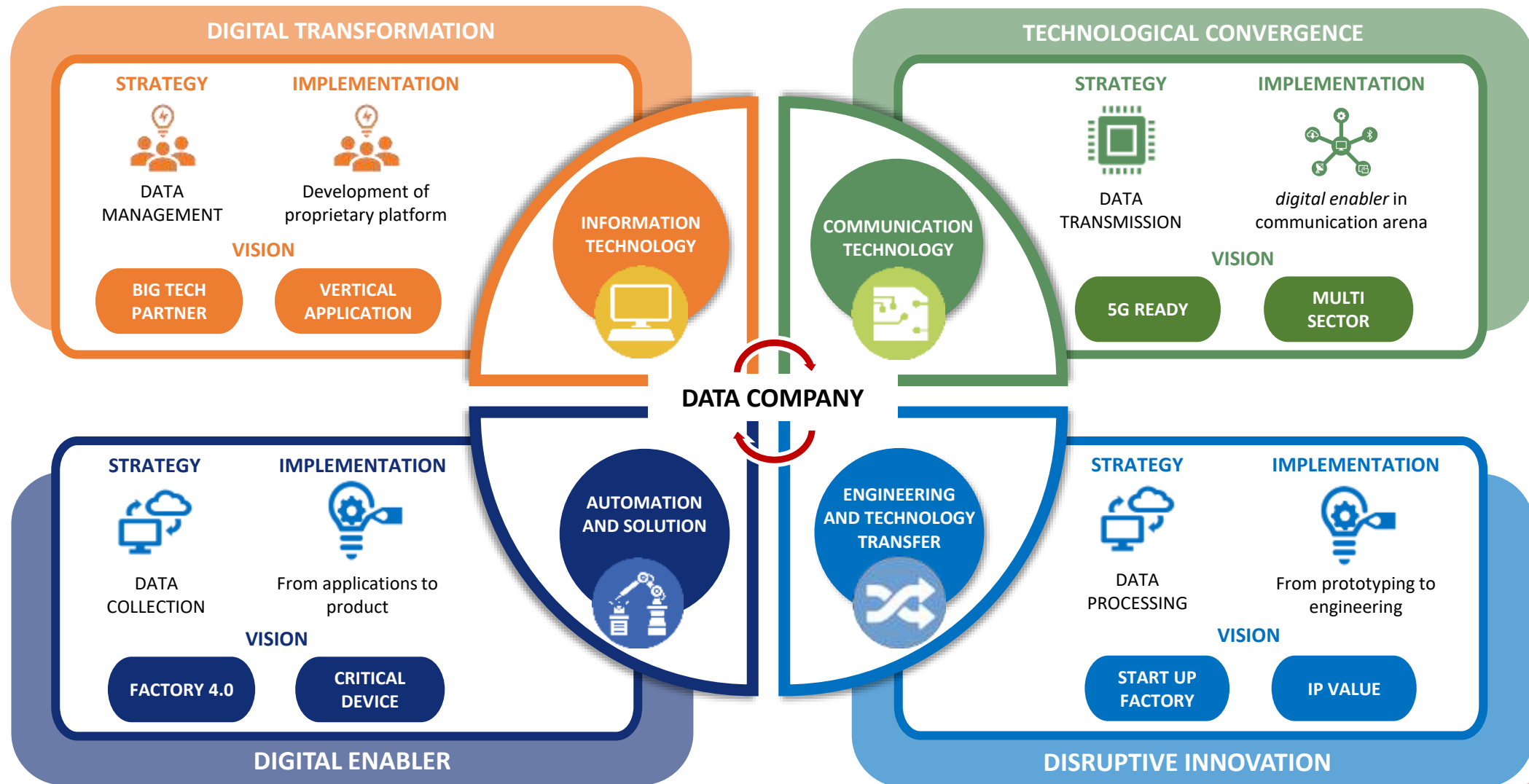


(*) Legal Entity incorporated in 2015

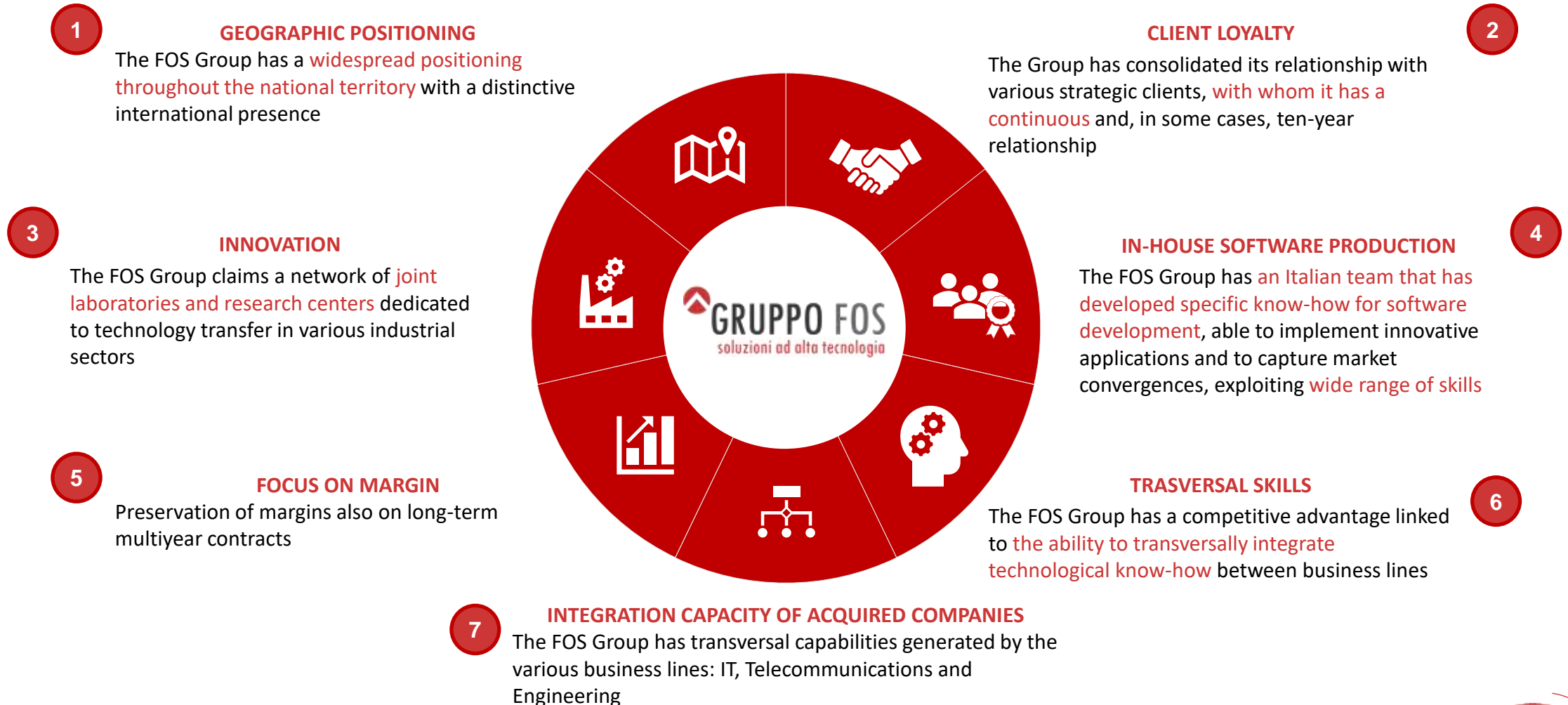
Group Structure



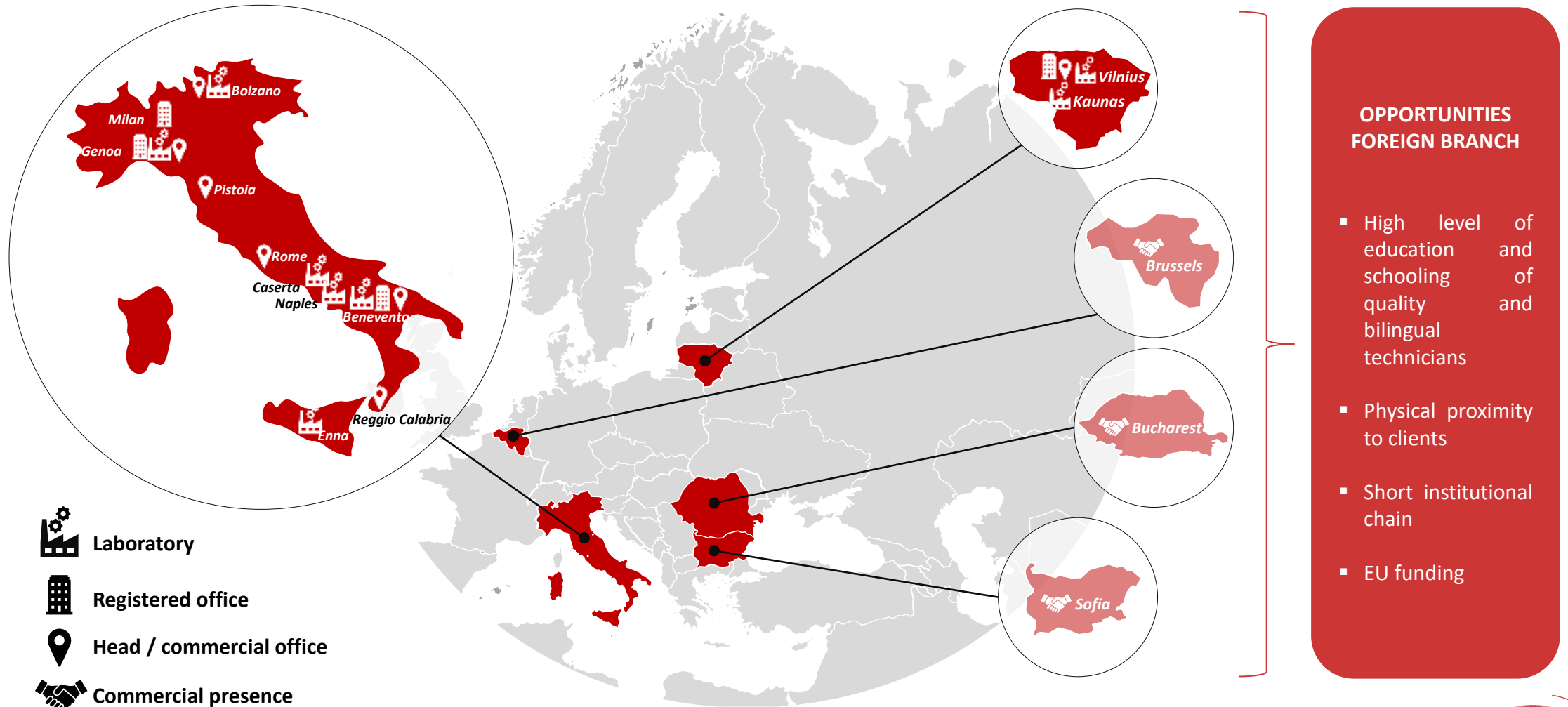
Business model: Creating Value from Convergence



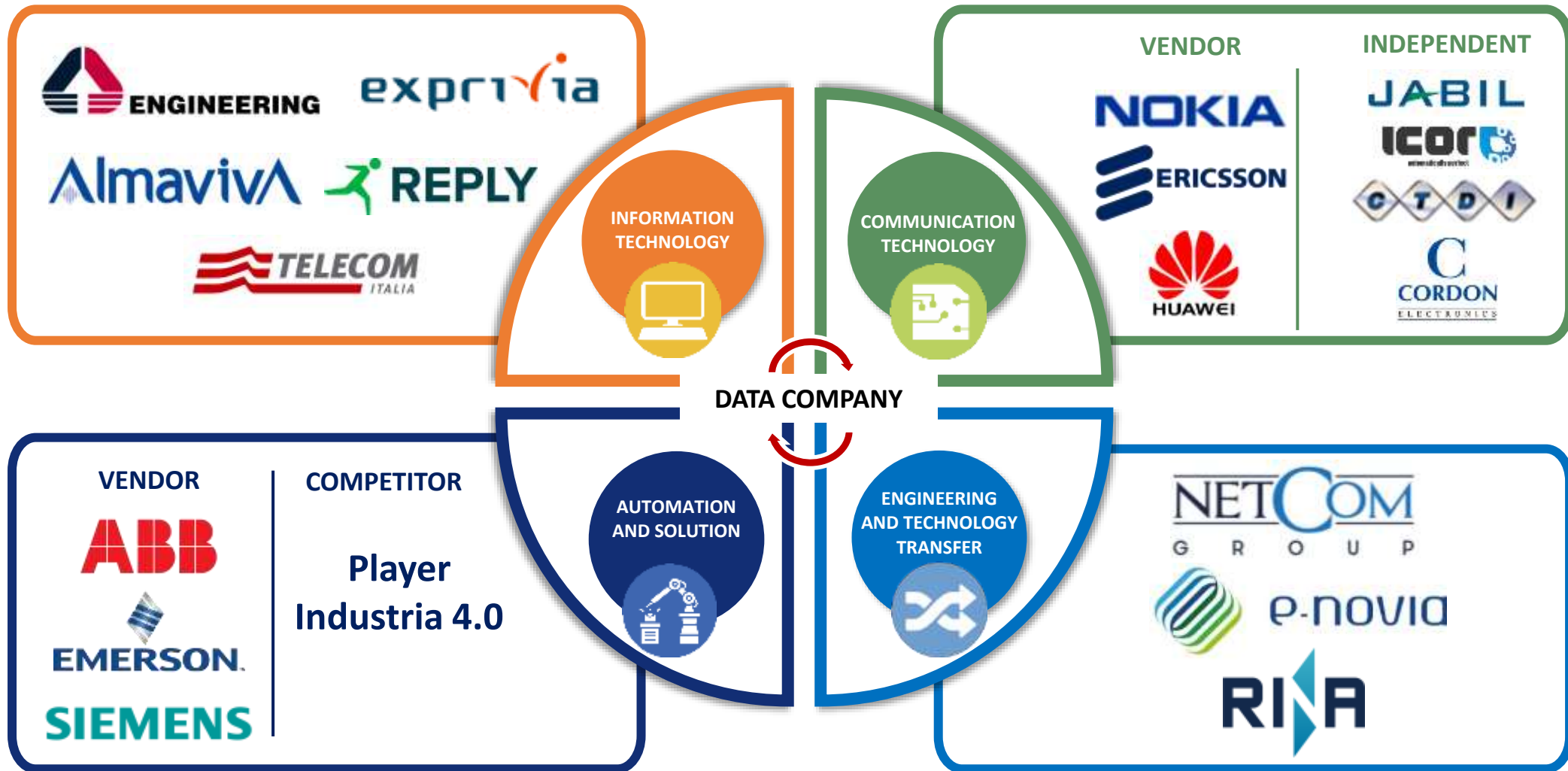
Distinctive factors



Geographical presence



Business Lines & Sector Players



Revenue Lines

REVENUE LINE



ACTIVITIES

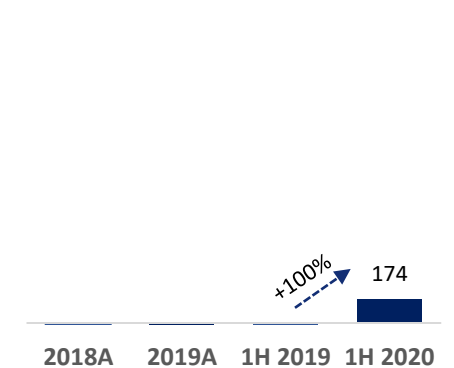
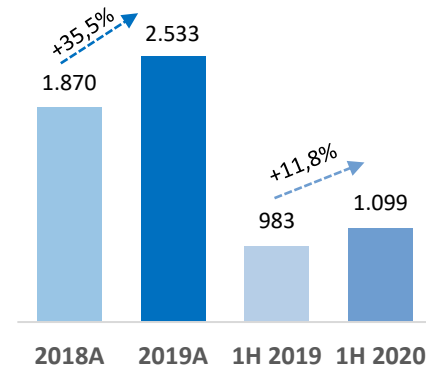
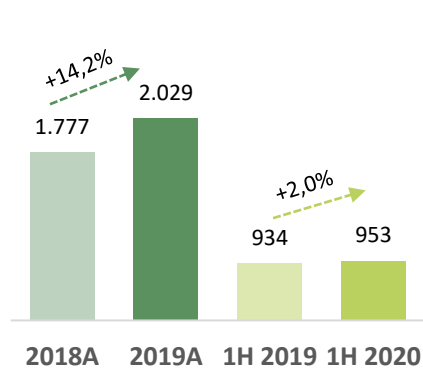
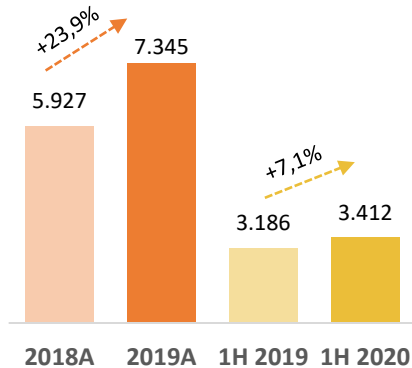
- Development and maintenance Applications
- Software solutions
- Cyber Security
- Cloud Computing
- System Assistance and Services

- Electronic Design
- Electronic Maintenance
- Repair Center & Commissioning

- Hardware & Software Design
- Prototyping
- Testing
- Engineering

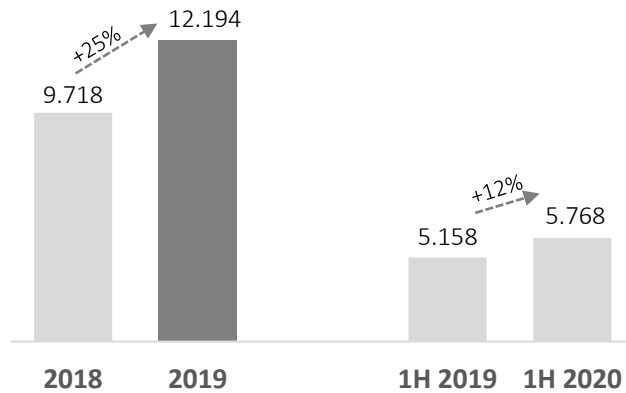
- Development of supervisory systems
- Commissioning
- Virtual Reality
- Augmented Reality

VALUE OF PRODUCTION (000 €)*

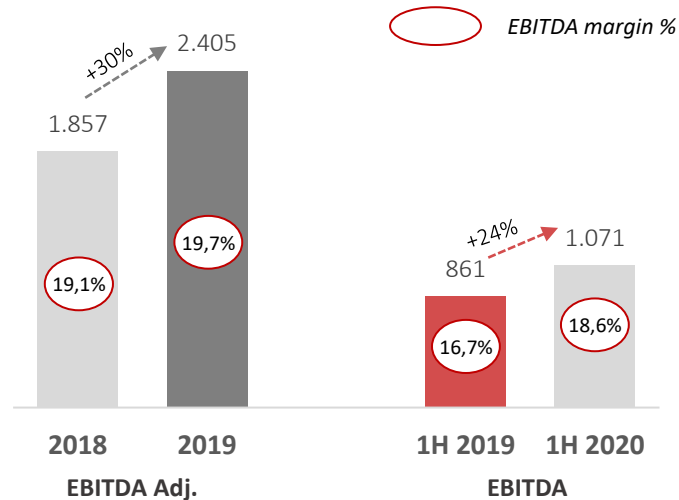


Key financial highlights

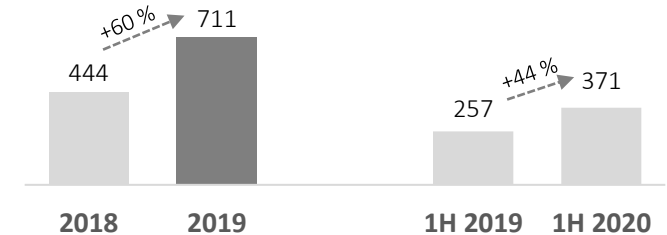
VoP 2018-2019 / 1H2019-1H2020 (000 €)



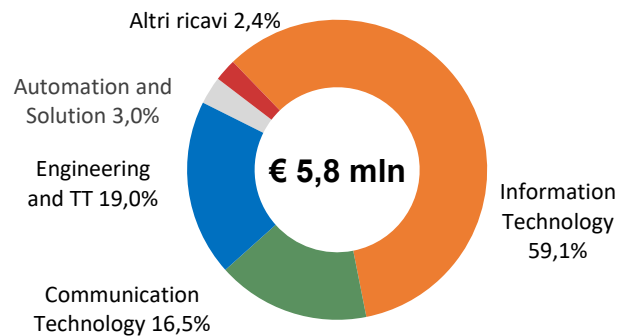
EBITDA 2018-2019/1H2019 – 1H2020 (000 €)



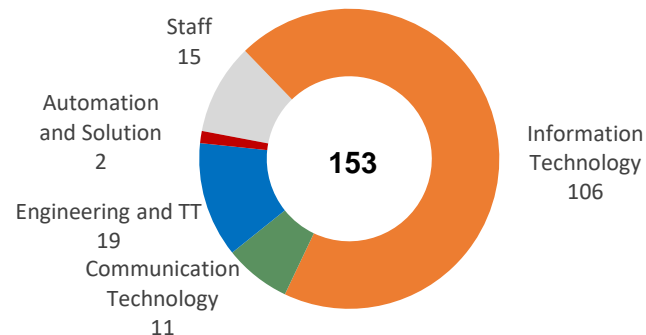
Net income 2018-2019/1H2019–1H2020 (000 €)



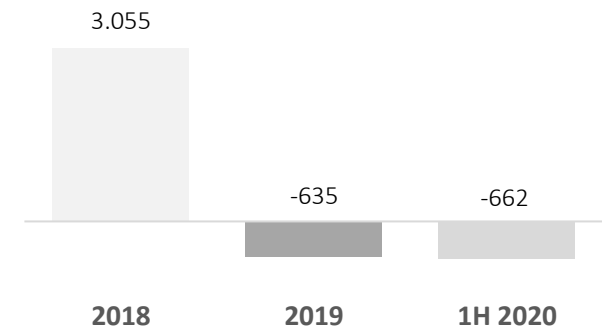
Breakdown Vop 1H 2020



Breakdown resources used FY2019








NFP 2018 – 2019 – 1H 2020 (000 €)



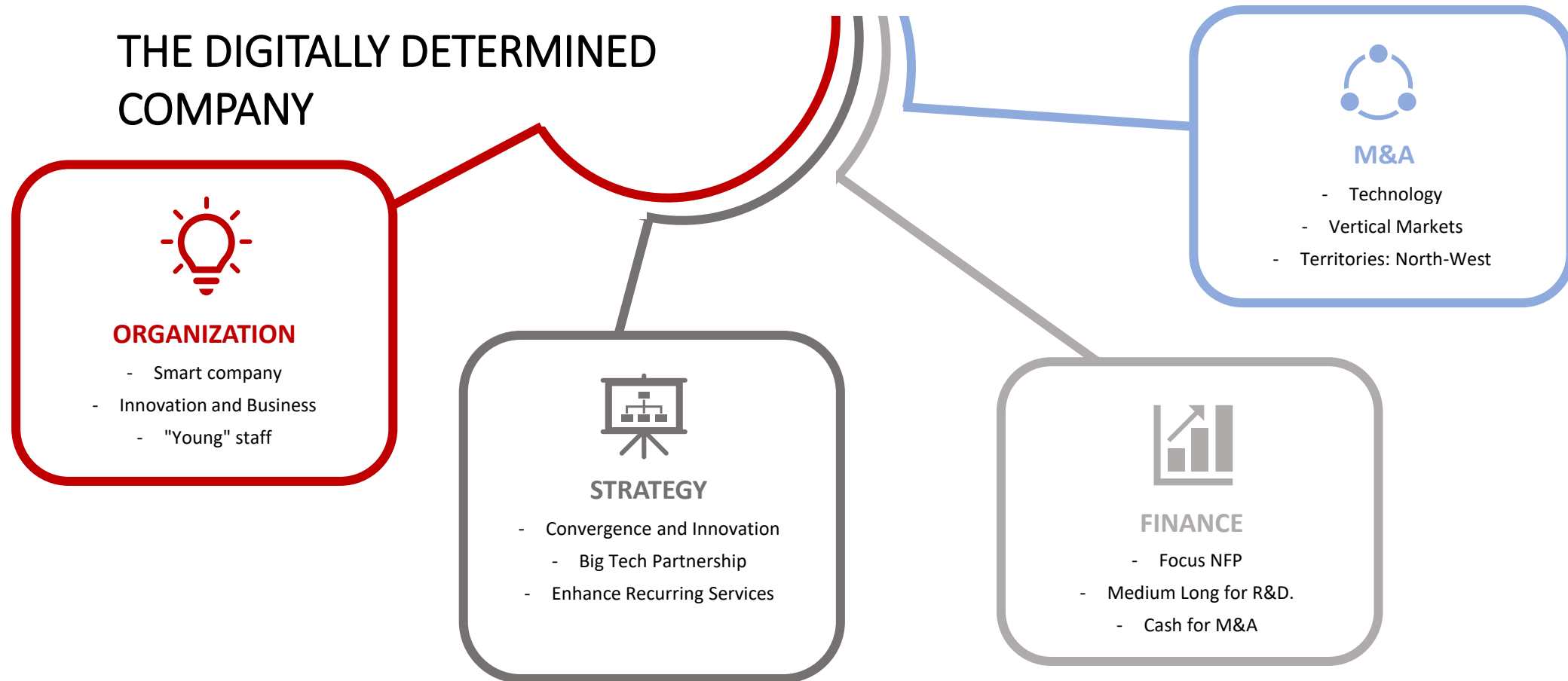
Client Portfolio

The FOS Group has a limited concentration of clients with respect to the sector trend, with a high level of Client loyalty and 75% of services provided on an ongoing basis

Top five clients' VoP	Revenue line	VoP (000 €) 1H 2020	VoP % 1H 2020	VoP (000 €) 2019	VoP % 2019	FLASH 2020
1°	 INFORMATION TECHNOLOGY	881	19,0%	2.058	21,2%	<div>75% Recurrent services</div> <div>+11% Revenue increase</div> <div>12 New Clients</div> <div>13 Foreign Clients</div>
2°	 TELECOMUNICAZIONI	550	11,9%	1.331	13,7%	
3°	 INFORMATION TECHNOLOGY	492	10,6%	1.314	13,6%	
4°	 INFORMATION TECHNOLOGY	248	5,3%	612	6,3%	
5°	 INFORMATION TECHNOLOGY	208	4,5%	415	4,3%	
TOTAL		2.379	51,3%	5.731	59,1%	

2020 – Action in progress

THE DIGITALLY DETERMINED COMPANY



2020 – COVID-19 Emergency

FOS is one of the companies whose services, during the lockdown period, have been classified as **strategic**. Furthermore, **the customer base** is concentrated in **typically counter-cyclical sectors** such as Health, Telco and Finance.

SMART WORKING

Successfully activated the company's smart-working infrastructure that ensures full operativity of all the workforce in customer support and internal business management.

Activated at the beginning of the emergency, a task force that has allowed in just two days to equip the Company with innovative solutions, shared also with customers, to be always available even in case of closure of offices.

HEALTH AND SAFETY

In compliance with the rules for the protection of public and workers' health, the company continues to provide its services and to supply its digital products to complement the country's strategic infrastructures, ensuring supplies to the customer companies operating in the TLC, Health, Transport and Energy sectors.

Regarding the staff active at the Repair Center in Caserta, the activity carried on in continuity, always inside the plant, in order to guarantee the Public Utilities Services to its customers, many of whom holders of contracts with main operators in the TLC, Health, Transport and Energy sectors.

Thanks to a careful sanitization of the industrial shed spaces, the activities have been carried on with the maximum attention to the health of all the employees involved.

In addition, all company premises were sanitized and, in the case of access to the offices, all procedures and precautions required by government decrees were implemented, such as gloves, masks, modified layouts to ensure maintenance of distances, making disinfectants available to all staff, shift rotations in compliance with the anti-contamination protocols, temperature measurement at the entrance and at the exit of the premises.

SOLIDARITY

In addition to the measures described above, the Group has provided insurance coverage for all employees with a package of guarantees and services in case of Covid-19 infection and decided to support the Ligurian healthcare structures involved in fighting the epidemic through a donation of 50,000 Euro and with initiatives of digital solidarity by donating 20 tablets to the Ligurian RSA (residential care homes).

2020 – NEWSFLOW

BUSINESS

- Enhancement of the Repair Center on 5G Ready and a new line on healthcare equipment
- Enhancement of partnerships with high-tech giants such as Dell, Cisco, Nutanix, Cohesity and Pure Storage for the supercomputing challenge
- Launch of the Liguria Innovation Center

INNOVATION

- Isaac Project advancement on the Company Patent Microcosmo
- Projects "Diva" (Europe) and the Digital Simulator of an agricultural field were approved in Bolzano
- Approval of the urban regeneration project "AURA" on ECO CITY line
- Approved project for the Digital Twin of the Genoa Bridge with Fincantieri
- "Safe 4.0" project approved with anti-Covid devices in collaboration with SIIT – Ligurian Innovation District
- Biomedical Patent on "Brain Stroke Helmet" approved and launch of the clinical trials
- Approval of the project "Genova Sicura" with Leonardo for security control room on Genoa
- FOS S.p.A will be the beneficiary of the project promoted by the Principal Investigator Biologik-Systems Srls for the realization of an innovative composting system
- Project "E-CROPS - Technologies for Sustainable Digital Agriculture" approved. The company remains a leader in Smart Agrifood solutions

2020 – Technology Transfer to the Market

AGRO



ISAAC - Innovative lighting system for the plants
Farming in Enclosed Areas and to improve human well-being.

European Patent | Collaborations: ENEA

Notice and Grantor:
PON SOUTH 2014 - 2020 HORIZON 2020 -
MISE

TIME TO MARKET: 31/12/2020



EYE-TRAP - AI for phytosanitary management

Collaborations: UniBZ

TIME TO MARKET: 31/12/2020

BIOMEDICAL



BRAIN STROKE HELMET - Brain Computer Interface System for Stroke monitoring

Lithuanian Patent | Collaborations: KTU (Kaunas Technology University) and LSMU (Lithuanian University of Health Sciences)

TIME TO MARKET: 31/12/2021

INFRASTRUCTURE



CYMON PROJECT - Digital Twin 4.0

Collaborations: CETENA (Group FINCANTIERI)

TIME TO MARKET: 30/06/2021



Annexes

Engineering and Technology Transfer - Project implementation methods



Prototyping and industrialization of new products

Development, prototyping, testing and engineering of innovative and technologically advanced solutions, in different application areas

To carry out projects with a **high innovative and technological content**, for which research and development activities are mainly financed by public entities, the Group refers to the **collaboration with Italian university and / or public-government research centers**, through the creation and activation of the so-called **joint laboratories or research centers**



Genoa (GE)

LABORATORIO WISE

Development of **electronic systems and wireless sensors**



Portici (NA)

LABORATORIO TRIPODE

Integration of new semiconductor materials in devices and circuits for **electronics and sensors**



Bolzano (BZ)

GREENTECH LAB

Research and development of large technological systems to monitor the **agro-forestry world and ICT** to develop solutions in the area of **Agriculture 4.0**



KAUNAS (Lituania)

BIOTECH LAB

Development of **biomedical engineering** activities for improvement, re-engineering and characterization of existing products, equipment and software



Genova (GE)

DRUID LAB

Development of IT platforms for **Industry 4.0**



Enna (EN)

JOINT LABORATORY WITH UKE

Study of **new technologies and sensors to monitor infrastructure**

Engineering and Technology Transfer – Application sectors

- The FOS Group is historically active in the Engineering sector
- Its model is to have created a network of joint research centers with university and government research institutes as a platform for prototyping, testing and engineering services for new products / services
- To date, the Group operates in five different macro-sectors :

1. AGRO MICROCOSMO



The System allows to study the growth of plants subjected to experimental conditions (Patented System)

2. AMBIENTE EYETRAP



Using microwaves and processing backscattering information through tomographic inversion it is possible to analyze the health of the tree trunk and therefore the risk of falling

3. BIOMEDICAL BRAIN STROKE HELMET



Medical device to be used for patient monitoring in order to help the doctor evaluate post-stroke status trends to predict and prevent possible complications and comorbidities

4. ENERGY SUNWISE



Intelligent framework for remote monitoring of energy production and plant management

5. INDUSTRY VALVE REMOTE CONTROL



FOS has designed and assembled the remote node that controls the actuator on the valve, for a client who is developing a new remote control system for the valve complying with the Safe Return to Port regulations

Financials: Income Statement 2017 – 1H 2020

CONSOLIDATED INCOME STATEMENT (€)	FY2017	FY2018	FY2019	1H 2020
Information Technology Sales	5.723.714	5.927.046	7.326.266	3.230.756
Engineering and TT Sales	41.065	146.850	320.185	484.274
Communication Technology Sales	1.684.237	1.776.049	2.006.132	731.320
Automation and Solutions Sales	0	0	0	174.321
Other Sales	36.791	40.596	5.202	12.795
Revenues	7.485.807	7.890.541	9.657.785	4.633.466
YoY growth		5,4%	22,4%	10,5%
Other revenues	419.304	430.661	736.534	194.982
Change in inventories of FP	53.049	908	22.805	8.956
Increase in fixed assets	647.052	758.785	1.137.726	687.382
Grants in income statements	272.967	637.067	639.348	243.330
Value of Production	8.878.180	9.717.963	12.194.198	5.768.116
YoY growth		9,5%	25,5%	11,8%
Consumptions	(324.341)	(810.203)	(1.655.743)	(375.599)
Services cost	(2.592.703)	(2.442.739)	(3.025.154)	(1.276.316)
Employee cost	(4.149.337)	(4.428.639)	(4.994.331)	(2.889.112)
Leased asset costs	(176.062)	(174.072)	(140.062)	(92.476)
Other Operating Expenses	(243.184)	(168.938)	(192.760)	(63.570)
EBITDA	1.392.553	1.693.372	2.186.148	1.071.043
EBITDA %	15,7%	17,4%	17,9%	18,6%
EBITDA Adjusted	1.669.315	1.856.826	2.404.951	
EBITDA Adj. %	18,8%	19,1%	19,7%	
Amortization of intangible assets	(408.643)	(531.081)	(950.132)	(452.240)
Amortization of tangible assets	(59.831)	(65.343)	(71.638)	(34.368)
Provision for bad debts	(73.329)	(13.416)	(31.583)	0
Other Provisions	(69.500)	(85.000)	69.500	0
Amortization, depreciation and write-downs	(611.303)	(694.840)	(983.853)	(486.608)
EBIT	781.250	998.532	1.202.295	584.435
EBIT %	8,8%	10,3%	9,9%	10,1%
Net financial charges	(139.146)	(227.996)	(157.233)	(82.081)
EBT	642.105	770.536	1.045.062	502.354
EBT %	7%	8%	9%	9%
Taxes	(165.656)	(326.761)	(334.190)	(131.836)
NET INCOME	476.449	443.776	710.873	370.518
% on VoP	5,4%	4,6%	5,8%	6,4%

Source: Consolidated Financial Statements (Audited)

Financials: Balance Sheet 2017 – 1H 2020

CONSOLIDATED BALANCE SHEET (€)	FY2017	FY2018	FY2019	1H 2020
Trade Receivables	2.134.604	2.807.614	4.381.388	4.363.588
Inventories	399.837	401.392	424.983	433.822
Trade Payables	(1.229.802)	(1.384.624)	(2.604.631)	(1.956.469)
Commercial Working Capital	1.304.639	1.824.382	2.201.740	2.840.941
Prepayments and accrued income	105.282	74.125	155.856	158.744
Tax credits	617.888	661.269	1.306.692	784.957
Other receivables	1.783.421	1.835.983	2.018.661	1.913.360
Other current Assests	2.506.591	2.571.377	3.481.209	2.857.061
Accruals and deferred income	(579.656)	(692.132)	(1.112.693)	(1.152.236)
Tax liabilities	(774.978)	(894.834)	(888.945)	(384.002)
Other Payables	(722.323)	(883.082)	(892.696)	(1.325.767)
Other current Liabilities	(2.076.957)	(2.470.048)	(2.894.334)	(2.862.005)
Net Working Capital	1.734.273	1.925.711	2.788.615	2.835.997
Intangible fixed assets	1.189.468	3.921.556	5.005.202	5.240.343
Tangible fixed assets	189.017	192.507	228.709	246.368
Financial fixed assets	10.523	100	100	100
Net fixed assets	1.389.008	4.114.163	5.234.011	5.486.811
Gross Invested Capital	3.123.281	6.039.874	8.022.626	8.322.808
Employee Severance Indemnity	(1.066.302)	(997.344)	(1.032.644)	(1.073.249)
Other provisions	(88.959)	(194.550)	(122.725)	(38.887)
NET INVESTED CAPITAL	1.968.019	4.847.980	6.867.257	7.210.672
Cash and cash equivalents *	(2.244.001)	(1.249.457)	(4.668.560)	(4.601.527)
Short Term Financial Debt	1.603.150	128.442	1.503.007	1.668.150
Short term net financial position	(640.852)	(1.121.015)	(3.165.553)	(2.933.377)
Medium and long term Financial Debt	1.046.922	4.091.284	2.530.845	2.271.564
Shareholders Loans	25.000	85.000	0	0
Net Financial Position	431.070	3.055.269	(634.708)	(661.813)
Share Capital	1.000.000	1.000.000	1.555.375	1.555.375
Reserves	60.500	348.934	5.235.717	5.946.590
Profit/ (loss) for the year	476.449	443.776	710.873	370.518
Shareholders' equity	1.536.949	1.792.710	7.501.965	7.872.483
TOTAL SOURCES	1.968.018	4.847.979	6.867.257	7.210.670

Source: Consolidated Financial Statements (Audited)

Financials: Cash flow 2017 – 1H 2020

CONSOLIDATED CASH FLOW (€)	FY2017	FY2018	FY2019	1H 2020
EBITDA	1.392.553	1.693.372	2.186.148	1.071.043
Taxes	(165.656)	(326.761)	(334.190)	(131.836)
GROSS CASH FLOW	1.226.897	1.366.612	1.851.959	939.207
Change in Trade Receivables	15.645	(686.426)	(1.605.357)	17.800
Change in Inventories	(82.101)	(1.555)	(23.591)	(8.839)
Change in Trade Payables	272.986	154.822	1.220.007	(648.162)
CHANGE IN WORKING CAPITAL	206.530	(533.159)	(408.941)	(639.201)
Change in Other Current Assets and Liabilities	816.734	328.305	(485.546)	591.819
Change in other provisions	11.959	20.591	(2.325)	(83.838)
Change in employee several indemnity	141.573	(68.958)	35.300	40.605
CHANGE IN NET WORKING CAPITAL	970.266	279.937	(452.571)	548.586
OVERALL CHANGE IN NET WORKING CAPITAL	1.176.796	(253.222)	(861.512)	(90.615)
CASH FLOW FROM CURRENT OPERATIONS	2.403.693	1.113.390	990.447	848.592
(Inv.)/Dis. Intangible assets	(682.787)	(3.263.169)	(2.033.778)	(687.381)
(Inv.)/Dis. Tangible assets	(132.946)	(68.833)	(107.840)	(52.027)
(Inv.)/Dis. Financial assets	6.880	10.423	0	0
Net Investment	(808.853)	(3.321.579)	(2.141.618)	(739.408)
FREE CASH FLOW FROM OPERATION (FCFO)	1.594.840	(2.208.189)	(1.151.171)	109.184
Change in financial debts	(1.030.225)	1.629.655	(270.874)	(94.138)
Capital Increase	(1.690)	(188.015)	4.998.382	0
Financial income and charges	(139.145)	(227.996)	(157.233)	(82.081)
TOTAL CASH FLOW FOR THE PERIOD	423.780	(994.545)	3.419.104	(67.035)