

## Atende has lower results in Q3 but good prospects for the future

Atende Group's performance in the 3<sup>rd</sup> quarter of 2019 was weaker than in the same period of the previous year. This is mainly attributable to weaker performance of the parent company, Atende, especially in the public sector.

*"The Group recorded an increase in sales in all market sectors apart from the public sector, which gives good growth prospects in future periods. Only in the public sector and companies owned by the state treasury we recorded a slow-down. We believe that an important factor determining our unsatisfactory result was an understandable lack of investment decision making on the part of our customers,"* says Roman Szwed, President of the Management Board of Atende SA.

In the 3<sup>rd</sup> quarter of 2019, Atende Group earned sales revenue of PLN 58,475 thousand, which represents a decrease by 25% y/y. In the same period, revenue in the public sector decreased by PLN 26.1 million. In spite of the general and administrative costs maintained at the level of the previous year, the results are significantly lower. In the reported period, operating profit stood at PLN 40 thousand (down by 99% y/y), EBITDA at PLN 3,996 thousand (down by 48% y/y), and the Group recorded a net loss of PLN 1,400 thousand compared to a profit of PLN 4,363 thousand in the previous year. In the 3 quarters of 2019, consolidated sales revenue was higher than in the previous year (PLN 205,593 thousand, up by 7% y/y). But the weaker 3<sup>rd</sup> quarter resulted in the cumulative gross profit on sales being lower by 5% y/y. The Group's EBITDA reached PLN 12,955 thousand, which represents an increase by 12% y/y, while the net result YTD was negative and amounted to PLN 558 thousand compared to a profit of PLN 3,339 thousand a year earlier.

In the 3<sup>rd</sup> quarter of 2019, Atende earned sales revenue of PLN 41,992 thousand, which represents an increase by 33% y/y. The decrease in gross profit on sales by 52% y/y (to PLN 6,764 thousand), despite a slight decrease (by 5% y/y) in general and administrative costs, translated into weaker performance of the Company. At the operating level, a loss of PLN 1,724 thousand was recorded (compared to a profit of PLN 5,247 thousand a year earlier) and the Company posted net loss of PLN 2,040 thousand compared to a profit of PLN 4,150 thousand in the 3<sup>rd</sup> quarter of 2018.

One of the Group's priorities is the development of permanent and subscription services. It is worth underlining that in the 3<sup>rd</sup> quarter, the consolidated sales margin for subscription services covered 54% of fixed costs of Atende Group.

The total impact of subsidiaries, offering to a large extent permanent services, on consolidated profits both in the 3<sup>rd</sup> quarter and in the period of three quarters, was positive. Among subsidiaries, Sputnik Software, Atende Software and A2CC had the most significant positive impact on the results. TrustIT and Atende Medica also delivered positive figures.

*"In the last months, there were positive events in subsidiaries of Atende Group that have not yet been reflected in the consolidated financial results. The agreement between Phoenix Systems and Apator SA on developing elements of a new, intelligent electricity meter, as well as the agreement between Atende Software and All Media Baltics on implementation of Internet television based on the own system redGalaxy are two examples of contracts with good prospects for the future. Also in the parent company it is worth underlining the achieving of good market position based on innovative products, especially based on the Blockchain technology,"* adds Roman Szwed.

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