

Approved the quarterly results for the AISoftw@re group confirming the positive effects of the business rationalisation processes and the sharp decrease in costs.

Despite the reduced number of consolidated companies, 2% growth in consolidated sales in the quarter year on year, amounting to 5.8 million euro.

At 30/9/2003, consolidated income amounted to 18 Million Euro, with substantial growth in the company AISoftw@re Medical Solutions (+79%).

Considerable improvement in consolidated EBITDA (+70%) and in the areas of business Financial Solutions (+349%), Medical Solutions (+197%) and Technologies & Solutions (+36%).

Milan, 11th November 2003

The meeting of AISoftw@re's Board of Directors, held on today's date under the chairmanship of Francesco Gardin, has approved the Q3 2003 AISoftw@re SpA and Group consolidated results.

Below is a selection of the financial highlights.

### **Third quarter result 2003**

(uncertified report)

#### **Highlights of this quarter**

- Substantial reduction in operating costs, showing savings of 7 million Euro year on year.
- The transfer of the textile sector business unit to TXT e-solutions has been completed, for a countervalue of approximately 1.3 million Euro.
- The operation for a capital increase has been successfully completed, with 3,415,511 new shares subscribed – 100% of the offer – a total countervalue of Euro 4,986,646 of which €1,776,065.72 par value and €3,210,580.28 in share premium reserve.

#### **Consolidated Results for the Group**

The Group is pursuing the strategy of concentrating more on the industrial business areas and of rationalising operating costs. Begun towards the end of 2002, the effects of this strategy can already be seen in the results of the third quarter, with a significant improvement in the EBITDA and EBIT values. The full effects of the rationalisation actions will be felt in the income statement of the 2004 period.

Consolidated income (revenues from sales and services) rose from 5.7 million Euro in the third quarter of 2002 to 5.8 million Euro in the same period of 2003, showing growth of 2% which, putting the consolidated area on a like for like basis, would have been 5%

The value of production of the AISoftw@re Group was 6.1 million Euro in the third quarter 2003 compared to 7.2 million in the same period a year earlier, mainly due to reduced own work capitalised.

Looking at the first 9 months, the consolidated value of production amounts to 19.4 million Euro in 2003, compared to 22.1 million Euro in the same period of 2002, while revenues from sales and services stand at 18 million Euro in 2003 compared to 19.7 million Euro in the same period a year earlier.

The consolidated EBITDA margin improved by 70%, going from a negative 6.1 million Euro at 30/9/2002 to a negative 1.8 million Euro in the same period of 2003. The EBIT margin in the nine months improved by 52%, showing a negative 5 million Euro (compared to -10.5 million Euro at 30/9/2002).

The Group pre-tax result at 30/9/2003 improved by 57% compared to a year earlier, at -7.1 million Euro.

Owing to non-recurrent financial actions, the Group's net financial position at 30/9/2003 has improved since 31/12/2002 by 26% (amounting to an improvement of 2.7 million Euro) and compared to 30/6/2003 by 18% (amounting to an improvement of 2.3 million Euro), settling at a negative 10 million Euro. The sale of the textile business unit for 800 thousand Euro and the capital increase operations for 4.4 million Euro helped to improve the net financial position during the period.

As regards human resources, at 30 September 2003, AISoftw@re S.p.A. and its subsidiary companies could count on staff numbering 336 employees (18 less than at 30/6/2003) and 28 external collaborators (15 less than at

30/6/2003) in line with the restructuring and reorganisation plans underway.

## Business Area Results

In the third quarter 2003, all the Group's Business Areas concentrated in order to achieve the targeted business objectives, in terms of both limiting costs and of attaining sales income.

The revenues of the Industrial business areas are broken down as follows:

Business Areas	9 months Revenues		%	9 months EBITDA		%
	2003	2002	%	2003	2002	%
Financial Solutions B.A.	7,052,903	7,542,408	-6%	302,660	67,471	349%
Medical Solutions B.A.	4,830,933	2,705,748	79%	611,249	-631,127	197%
Technologies & Solutions B.A.	2,641,698	3,171,853	-17%	-1,715,104	-2,666,370	36%
AISoftw@re Professional Services	4,771,378	8,025,211	-41%	-685,807	176,545	-488%
<b>Total</b>	<b>19,296,912</b>	<b>21,445,220</b>	<b>-10%</b>	<b>-1,487,002</b>	<b>-3,053,481</b>	<b>51%</b>

In the Financial Solutions Business Area (IT solutions in support of corporate decisions in the banking and financial areas), total revenues were 7 million Euro at 30/9/2003, a slight fall compared to the same period a year earlier. This reduced result is due to the fall in the budget in the banking area and to the typical seasonal effects in the market served, which concentrates sales in the fourth quarter of the year.

EBITDA settled at a positive value of 302 thousand Euro showing an improvement of 349% compared to the same period a year earlier.

During the third quarter, Banco Popolare di Verona e Novara, following the internal process of unifying its IT systems, extended the use of all the applications in AISoftw@re's credit area to the branches of the former Banca Popolare di Novara.

A new contract has also been signed with Unicredit to supply an application to the credit area of all the banks in the New Europe area.

In the Medical Solutions Business Area (health service IT, digital radiology systems, voice reporting and digital signatures) the companies AISoftw@re Medical S.p.A. and GST Srl achieved total revenues for the area to 30/9/2003 of 4.8 million Euro, showing substantial growth of 79% compared to the previous year.

EBITDA stood at a positive value of approximately 607 thousand Euro showing as sharp improvement over the same period of the previous year.

The growth in revenues was due to acquiring 3 major new projects in the radiology area, amounting to approximately 450 thousand Euro each. Substantial orders have also been placed for annual maintenance contracts providing 24 hour a day assistance and availability.

In the Technologies & Solutions Business Area (high added value IT solutions and projects), the downturn in the market of IT services continues to affect sales by AISoftw@re Technologies & Solutions which registered at 30/9/2003 revenues of 2.6 million compared to 3.1 million in the same period of 2002.

Reorganisation and the cost reduction plan have led to an improvement in the company's EBITDA, which now shows a negative value of 1.7 million Euro compared to -2.6 million Euro in 2002.

In the third quarter, the area acquired a project for creating a workflow system for managing variations in contracts for a leasing company.

Business continued with contracts in the defence and aerospace sector while, in the security sector, two new customers have been acquired in the sector of telecommunications and services for the Cyber Ark product.

Revenues from AISoftw@re Professional Services in the period stood at 4.7 million Euro, showing a year on year decrease of 41%.

EBITDA stands at a negative value of around 685 thousand Euro, which is worse than the same period a year earlier.

The reduction in revenues is due to the market slowdown in the request for specialised professional services. The

company has reacted to these unfavourable conditions with a precise commercial strategy aimed at selecting customers on the basis of their profitability and solvability in order to assure that the objectives for margins in the following quarters are maintained.

The results achieved in the third quarter confirm that the positive effects on profitability will be felt as of Q4 2003 as a consequence of continuing with implementing the industrial plan.

### **Results from AISoftw@re S.p.A**

For the parent company AISoftw@re S.p.A., the value of production decreased in the 9 months from 6.5 million Euro as at 30/9/2002 to 5.4 million Euro in the same period of 2003. At the same time, in this 9 month period, income (revenues from sales and services) grew by 3%, from 2.5 million Euro in 2002 to 2.6 million Euro in 2003. The EBITDA margin of AISoftw@re S.p.A. at 30/9/2003 shows a negative value of 332 thousand Euro while the relative EBIT stands at a negative value of 1.3 million Euro.

The pre-tax results of AISoftw@re improved by 57% over the previous year, amounting to 3.2 million Euro at 30/9/2003.

### **Budget 2003**

As a result of the sale of internal non profitable and no longer strategic business areas and the continuing difficult market situation in the AISoftw@re Technologies & Solutions and AISoftw@re Professional Services target market, the forecast budget of consolidated revenues for 2003 has been prudentially reviewed (cf. press release of 21/5/03) and trimmed to 28 million Euro (instead of 32 million Euro). The updated consolidated EBITDA value is expected to be around 1 million Euro (compared to 3.5 million Euro stated at 21/5/2003).

### **AISoftw@re**

AISoftw@re Group is a company specialised in the design and development of software technologies with a high content of innovation, aimed at vertical, financial, medical imaging markets, and horizontal markets for high technological content integration projects. Founded in 1983, the company is currently listed on Nuovo Mercato of the Italian Stock Exchange (AISW). Consolidated revenues in 2002 were about Euro 30 million.

AISoftw@re works through three vertical companies: AISoftw@re Medical Solutions S.p.A. (digital imaging), AISoftw@re Technologies & Solutions S.p.A. and AISoftw@re Professional Services S.p.A (complex technological projects). The current Financial Solutions Business Area, specialised in software solutions for the banking and financial world, will form the Group's fourth industrial company. AISoftw@re has over 365 staff between employees and collaborators, and has operative sites in Milan (headquarters), Rome, Trento, Vicenza and Bologna.

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