2019

Consolidated Half-Year Financial Report at June 30, 2019

wiit
The Private Cloud

CONTENTS

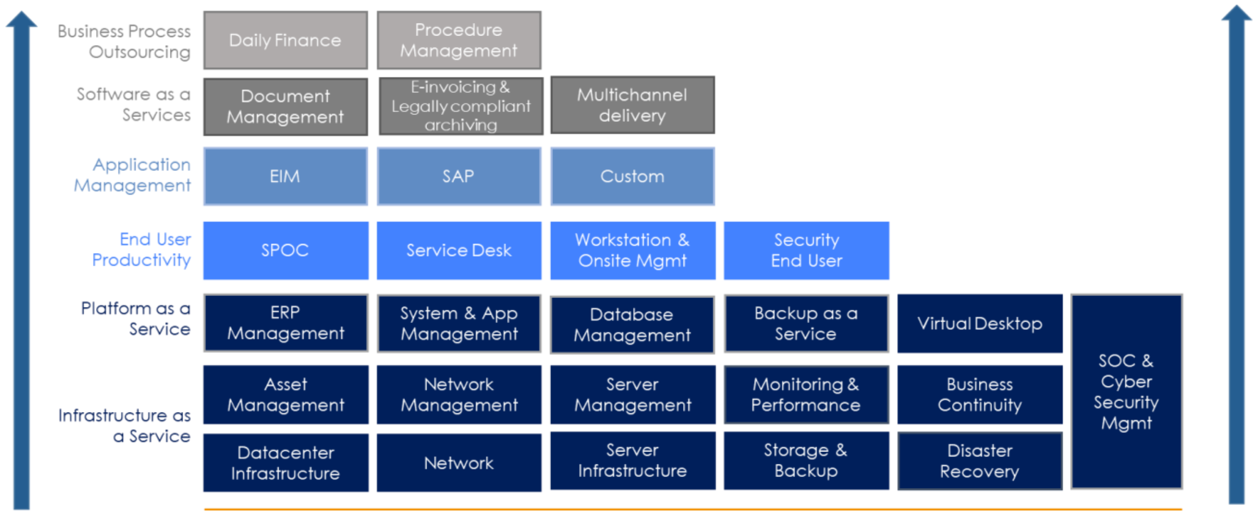
Profile

WIIT S.p.A. leads a Cloud Computing Group with a key focus on the building and provision of IT infrastructure tailored to the specific needs of customers (mainly through the "Hosted Private Cloud" and "Hybrid Cloud") and the provision of complementary infrastructure configuration, management and control services which guarantee uninterrupted functionality and availability (principally PaaS or Platform-as-a-Services).
The company provides Cloud services for the "critical applications" of its customers, i.e. those whose malfunction may impact business continuity and thus demand guaranteed optimal and non-stop functioning. These include the main ERP's (Enterprise Resource Planning) on the market, such as for example SAP, Oracle and Microsoft - in addition to critical applications developed ad hoc for customer business needs (custom applications).
The company operates through two owned Data Centers, with the main Milan center TIER IV certified (maximum reliability level) by the Uptime Institute.
By providing services through a number of servers and storage devices, customer "business continuity" can be guaranteed and uninterrupted availability ensured in the case of malfunctions or interruptions to individual systems. The company makes available to customers its Business Continuity and Disaster Recovery service (replicating processing systems and all client critical data almost in real time), with daily back-ups executed.

The offer

WIIT focuses on the Hosted Private Cloud and the Hybrid Cloud for the building of tailor-made IT infrastructure for customers. The Group to a lesser extent provides Public Cloud services, integrating and managing more standardised solutions provided by the main players, adapting them to customers' specific needs.

As part of these operations, the company offers its services to customers by combining a range of base components of each service category so as to build a custom-made Hosted Private Cloud and/or Hybrid Cloud proposal, according to the specific service, performance and security needs of the customer.



The Group's core service categories are presented below. Specifically, a description of services starting from the minimum Infrastructure of the Service category is presented, which forms the underlying component for the provision of other services - up to the more complete Business Process Outsourcing service.

IaaS (Infrastructure as a Service): the provision of servers, storage and networks;

PaaS (Platform as a Service): the Group's main service, including - in addition to IaaS services - also database or ERP provision services on an on-demand basis;

End User Productivity: customer contact services containing all technologies and methods which improve both individual productivity and the customer/WIIT interface;

Application Management: application life cycle services, including corrective and evolutionary maintenance and the development of new functionalities;

SaaS (Software as a Service): Software platforms and applications made available to the customer as "services";

Business Process Outsourcing: covering end-to-end services managing entire business processes within the customer value chain.

Services are usually provided through a standard contract type for all categories (IaaS, Paas, End User Productivity, Application Management, SaaS and Business Process Outsourcing) and combined within a single all-inclusive price structure and contract.

Contracts usually cover a period of between three and five years, with generally automatic renewal for equivalent periods (subject to a termination option within the final six months). They generally stipulate an initial provision of services for the "start-up" phase in support of the Group's services and subsequently the provision of specific services on-demand.

Certifications

The company has two Data Centers, with the main Milan center TIER IV certified (maximum reliability level) by the Uptime Institute. To date, only a select number of data centers are TIER IV certified by the Uptime Institute in the "Constructed Facility" category.

(https://uptimeinstitute.com/TierCertification/constructed-facility-certifications.php).

The company has achieved international certification for its Data Centers, particularly in terms of service security, such as the ISO20000 (Process Compliance), ISO27001 (Information Security), and ISO22301 (Business Continuity) certifications and with service provision certified to the ITIL (Infrastructure Library) standard.

The company has also achieved certification for its customer IT system management model according to the international ISO/IEC 20000:2005 standard, while its organisation is ISO 9001 certified for the development and provision of Business Process Outsourcing services, such as: Help Desk IT, Desktop Management, Server Management, Application Management, Asset Management, System Housing and Hosting Document Processing System Management.

The correct management and protection of data and information managed through its IT systems is guaranteed through the company's receipt in 2012 of the international ISO/IEC 27001:2005 certification (international standard setting the requirements for information technology security management systems), while developing an operational continuity method based on ISO 22301, shifting from a structured approached not based on technology alone, but capable of addressing all processes involved in operational recovery.

Further to these certifications, the company is a SAP top partner and one of the few companies globally to have obtained 5 of the 6 SAP Outsourcing Operation certifications (https://www.sap.com/dmc/exp/2018_Partner_Guide/#/partners).

Corporate Boards

BOARD OF DIRECTORS

Chairman & CEO	Riccardo Mazzanti
Chief Executive Officer	Alessandro Cozzi
Executive Director	Enrico Rampin
Executive Director	Francesco Baroncelli
Director	Amelia Bianchi
Independent Director	Aldo Napoli
Independent Director	Dario Albarello
Independent Director	Riccardo Sciutto
Independent Director	Annamaria di Ruscio

BOARD OF STATUTORY AUDITORS

Chairman of the Board of Statutory Auditors	Luca Valdameri
Statutory Auditor	Paolo Ripamonti
Statutory Auditor	Nathalie Brazzelli

SUPERVISORY AND CONTROL BOARD

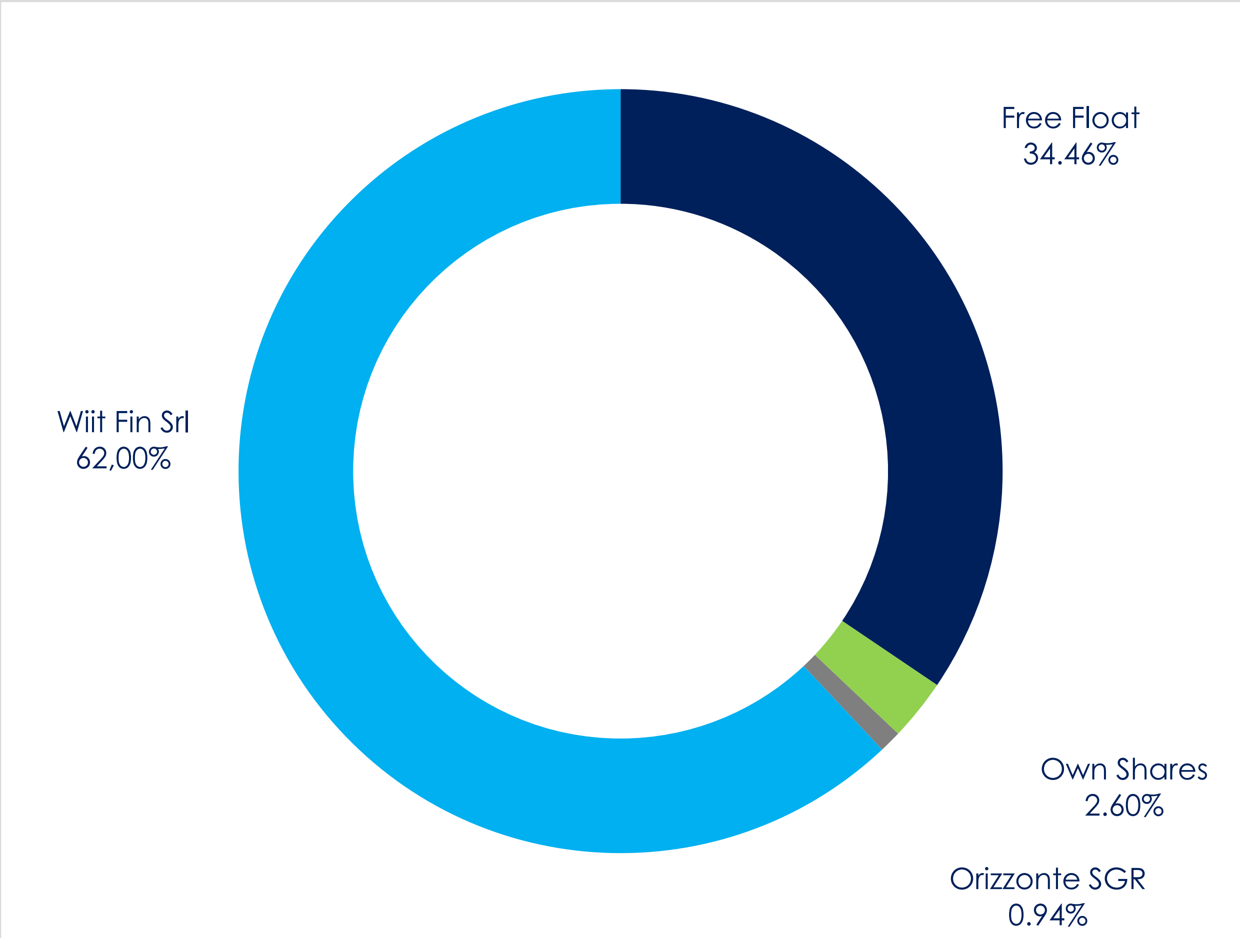
Chairman of the Supervisory and Control Board	Dario Albarello

INDEPENDENT AUDIT FIRM

Deloitte & Touche S.p.A.

Shareholders

WIIT S.p.A.'s main shareholders at June 30, 2019 are:



Shareholder	Number of shares held	%
Wiit Fin Srl (*)	1,642,834	62.00%
Alessandro Cozzi	1,560	
HAT Orizzonte (**)	25,000	0.94%
Treasury shares	68,944	2.60%
Market	913,728	34.46%
TOTAL	**2,652,066**	**100.00%**
FREE FLOAT (Treasury shares and Market)	**982,672**	**37.05%**

(*) Company owned by Cozzi Alessandro and Bianchi Amelia

(**) Shares subject to "PUT" option with Wiit Fin

Directors' Report

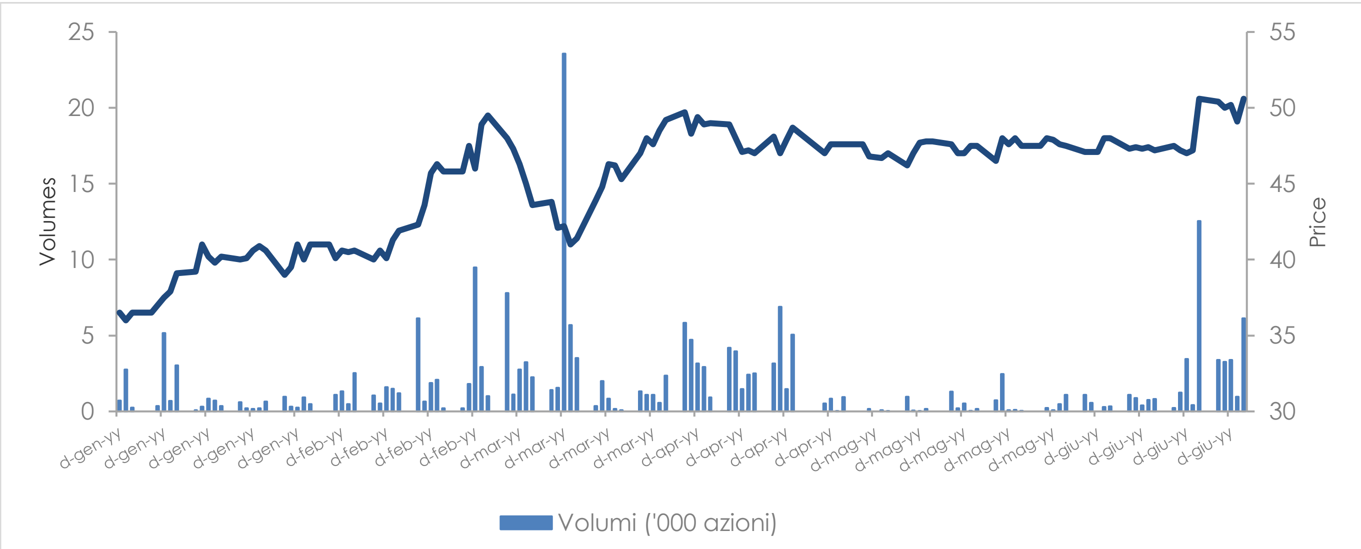
Significant events

In February 2019, the parent company, implementing that approved by the Board of Directors and the Shareholders' Meeting, filed at Consob the communication as per Articles 113 of Legislative Decree 58/98, as amended and supplemented, and 52 of the Regulation adopted with Consob motion No. 11971 of May 14, 1999, as amended and supplemented ("Issuers' Regulation"), regarding the requirement to approve the prospectus for the admission to listing of ordinary WIIT shares (the "Shares") on the Mercato Telematico Azionario ("MTA"), with WIIT simultaneously presenting to Borsa Italiana its application for the listing of its Shares on the MTA (main market).

On March 25, 2019, WIIT S.p.A. was listed on the STAR segment ("MTA"), organised and managed by Borsa Italiana S.p.A., concluding a process begun in November 2018, with trading from April 2, 2019.

With this listing, the Group can attract a broader and more diversified range of investors with advantages - in addition to those concerning value enhancement and visibility - with regards to the Group's positioning against its competitors and its strategic partners, further to improved market liquidity than that available usually on a multi-lateral trading system. The main market listing, considering the requirements imposed on the companies listed, supports the further professional growth of the management team and of the Group more widely, bringing all of the associated knock-on benefits.

Wiit: share price and volumes - 01.01.2019 – 30.06.2019



- Source Bloomberg

In March 2019, the parent company WIIT S.p.A. signed a multi-year contract worth approx. Euro 5.3 million with F.I.L.A. S.p.A., a consumer goods leader, for a new project to manage the increasing complexity of the business and to safeguard security - key elements of the Hybrid Cloud and Hosted Private Cloud service provided by WIIT. This project mainly targets the establishment of solid control over all business processes (productive, inventory, logistics etc.), while guaranteeing the usability and user friendliness of the new systems for an extensive user base, constructing a solid infrastructure based on an evolved Hybrid Cloud model which guarantees rapid and safe future growth and which develops perfectly in harmony with increased business complexity.

In April 2019, the parent company WIIT S.p.A. signed with the Tax Agency a preliminary agreement for the application of the "Patent Box" tax break for the five-year period 2015-2019, with the option to extend this benefit to the following five-year period 2020-2024.

The Patent Box supports enterprises producing income through the direct and indirect use of intellectual property, patents, software and other intangible assets; the tax break for 2015 was calculated by excluding from the assessable base 30% of the income relating to the use of qualifying intangible assets, for 2016 the exclusion percentage is 40%, while amounting to 50% for the 2017-2019 three-year period. This taxation system is renewable. The tax benefit for WIIT over the 2015-2019 period will be fully reflected in the 2019 results and quantified on preparing the relative financial statements. Categorisable income in the first period of 2015/2018 is estimated at approx. Euro 7.7 million

In June, the preliminary sales contract of the company Matika S.p.A. was signed.

Headquartered in Vicenza, MATIKA has operated for more than 25 years and is currently a Managed Service Provider (MSP) focused mainly on Veneto and the following business areas: Managed infrastructural services and Cloud solutions; Professional infrastructural services; Trading Hardware and software.

Founded as a traditional System Integrator with "one shot" trading and professional services as its core business, the company has for many years been modernising its business model focused on managed services and consequently recurring long-term revenues, which are now the main source of income and the lynchpin of the future development plan, in addition to an asset of great interest to WIIT in support of its offer.

MATIKA (ITA GAAP) has for some time been in profit and continues to grow. Matika reports a value of production of approx. Euro 9.2 million for 2018, up on the previous year, of which approx. 50% recurring revenues (managed and Cloud services), with EBITDA of Euro 1.8 million, of which 70% stemming from recurring revenues, with a net profit of Euro 0.8 million.

The agreements stipulate the initial acquisition of a 60% majority holding in MATIKA for consideration of approx. Euro 6.1 million (calculated based on an Enterprise Value of Euro 8.5 million, using multiples based on historic and forecast data of the company, and the majority premium recognised to the

sellers), to which 60% of the net financial position at the execution date shall be added (expected to be positive).
For the acquisition of the residual 40% put and call options are stipulated, to which variable price components are linked ("earn out"), subject to the achievement of set MATIKA earnings objectives.

The contract for the acquisition of Matika Spa was concluded through notary deed of July 4, 2019. Reference should be made to the last paragraph for details on the transaction.

In execution of the Shareholders' Meeting motion of November 30, 2018, on May 29, the buy-back plan began for the purchase of WIIT S.p.A shares on the STAR segment, Alternative Capital Market, of the Italian Stock Exchange - also through specialised intermediaries. Specifically, the purchase authorisation provides the company with a stock of treasury shares to be used as consideration for any corporate transactions and/or other uses of financial-operating and/or strategic interest for the company, also for exchanges of investments with others to support operations of interest to the company.


Current financial situation
Investment
30%
50%
15%
Stocks
Judy's Wedding
Dinner with Family 5:45 pm

Alternative performance indicators

Adjusted EBITDA - A non-GAAP measure used by the Group to measure performance. It equates to EBITDA gross of the following accounts: "IPO process costs", merger & acquisition costs and personnel costs as per IFRS 2 regarding performance shares. Adjusted EBITDA is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the company may not be uniform with the criteria adopted by other groups and, therefore, its value for the company may not be comparable with that calculated by such groups.

EBITDA - A non-GAAP measure used by the Group to measure performance. EBITDA is calculated as the sum of the net profit for the period gross of taxes, income (including exchange gains and losses), financial expenses and amortisation, depreciation and write-downs. EBITDA is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the company may not be uniform with the criteria adopted by other groups and, therefore, its value for the company may not be comparable with that calculated by such groups.

EBITDA margin - Ratio in percentage terms between EBITDA and total revenues and income.

EBITDA Adjusted margin - Ratio in percentage terms between EBITDA adjusted and total revenues and income.

EBIT - A non-GAAP measure used by the Group to measure performance. EBIT is the sum of the net profit for the period, gross of taxes, income (including exchange gains) and losses and financial expenses. EBIT is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the company may not be uniform with the criteria adopted by other groups and, therefore, its value for the company may not be comparable with that calculated by such groups.

Adjusted EBIT - Adjusted EBIT is Adjusted EBITDA, net of amortisation, depreciation and write-downs.

EBIT margin - Ratio in percentage terms between EBIT and total revenues and income.

Operating highlights

The consolidated value of production was up 38% on H1 2018. This strong result reflects the company's healthy income statement and the regard in which the WIIT Group is held among its customer base as a high-quality and cost competitive player.

The value of production, EBITDA and profit before taxes for Q1 of the past two years are shown in the following table.

	30/06/2019 Consolidato	30/06/2018 Consolidato	30/06/2019 Consolidato Adjusted	3ù0/06/2018 Consolidato Adjusted	% Adj.Var
Value of production	14.773.805	10.682.840	14.773.805	10.682.840	38%
EBITDA	4.883.739	4.454.191	5.881.287	4.595.489	28%
Profit before taxes	2.051.301	1.753.634	3.048.850	1.934.933	58%
Net Profit	2.822.950	1.383.403	4.000.057	1.537.111	160%

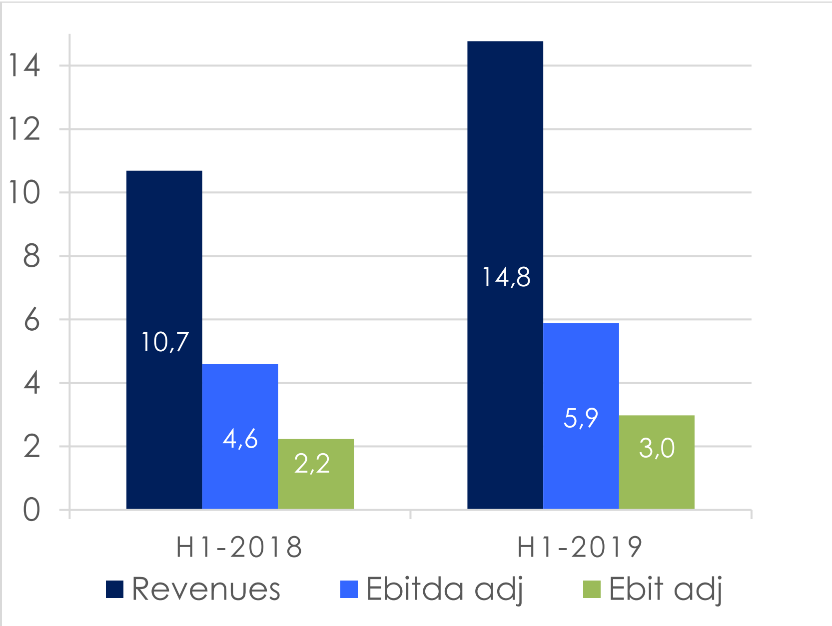
Adjusted EBITDA was up 28% on H1 2018, with a 40% revenue margin - indicating the highly optimised level of company operating processes and services.

The reported consolidated net profit reflects the impact on non-recurring costs from the transfer to the MTA segment (approx. Euro 0.8 million), the acquisition of Matika Spa (approx. Euro 0.2 million) and the "Patent Box" benefit stemming from the agreement signed by the parent company WIIT S.p.A. with the Tax Agency.

The H1 2019 reclassified income statement of the company is compared below with the same period of the previous year (in Euro):

	H1 2019 Consolidated	H1 2018 Consolidated	H1 2019 Adjusted Consolidated	H1 2018 Adjusted Consolidated
Net revenues	14,773,805	10,682,840	14,773,805	10,682,840
External costs	(7,104,742)	(3,936,394)	(6,107,194)	(3,936,394)
Value added	**7,669,062**	**6,746,446**	**8,666,611**	**6,746,446**
Personnel costs	(2,613,229)	(2,116,533)	(2,613,229)	(1,975,234)
Other costs and operating charges	(172,095)	(175,722)	(172,095)	(175,722)
Change in inventories	0	0	0	0
EBITDA	**4,883,739**	**4,454,191**	**5,881,287**	**4,595,489**
Amortisation, depreciation and write-downs	(2,900,747)	(2,398,190)	(2,900,747)	(2,358,190)
EBIT	**1,982,992**	**2,056,001**	**2,980,540**	**2,237,299**
EBITDA Margin	33,1%	41,7%	39,8%	43,0%
EBIT Margin	13,4%	19,2%	20,2%	20,9%
NET PROFIT (LOSS)	**2.822.950**	**1.383.403**	**4.000.057**	**1.537.111**

KEY FINANCIALS (€mn)



For a better understanding of the company's profitability, the table below illustrates some of the performance indicators compared to previous years. The indicators are calculated on the basis of the separate and consolidated financial statements.

Ratio	Formula	H1 2019 Consolidated	H1 2018 Consolidated	H1 2019 Adjusted Consolidated	H1 2018 Adjusted Consolidated
ROE	Net profit / equity	12.55%	6.22%	17.78%	6.91%
ROI	EBIT / Capital employed	3.25%	3.79%	4.89%	4.13%
ROS	EBIT / Value of production	13.42%	19.25%	20.17%	20.94%

Balance Sheet highlights

The reclassified balance sheet of the company for the first half of 2019 is compared with the previous year below (in Euro):

	30/06/19 Consolidated	31/12/18 Consolidated
Net intangible assets	19,167,063	13,785,955
Net tangible assets	13,381,728	13,822,989
Equity investments and other financial assets	68,062	68,062
Other long-term receivables	912,727	1,043,489
Fixed assets	**33,529,580**	**28,720,495**
Inventories	0	0
Current trade receivables	4,109,119	4,699,371
Receivables from group companies	400,244	460,965
Receivables from subsidiaries	0	0
Other receivables	3,434,134	2,419,773
Cash and Cash Equivalents	19,555,472	17,930,107
Current assets	**27.499.124**	**25,510,216**
Capital employed	**61,028,704**	**54,230,711**
Bank payables (within one year)	4,661,552	3,817,932
Payables to other lenders (within one year)	4,632,113	3,922,970
Payables to suppliers (within one year)	3,662,929	3,802,103
Payables to group companies	280,586	0
Tax payables and social security institutions	500,837	669,451
Other current financial liabilities	950,000	1,410,000
Other payables	2,398,767	2,055,982
Current liabilities	**17,086,783**	**15,678,438**
Post-employment benefits	1,406,603	1,259,295
Bank payables (beyond one year)	8,064,458	6,144,430
Payables to other lenders (beyond one year)	8,099,995	4,801,538
Payables to suppliers (beyond one year)	0	0
Other non-current financial liabilities	2,550,000	2,550,000
Other medium/long-term payables	1,095,327	1,339,529
Deferred tax payables	214,768	214,022
Medium/long-term liabilities	**21,431,152**	**16,308,814**
Minority interest share capital	**38,517,935**	**31,987,252**
Shareholders' Equity	22,510,768	22,243,459
Own funds	**22,510,768**	**22,243,459**
Own Funds & Minority interest share capital	**61,028,704**	**54,230,711**

Main notes to the balance sheet

The increase in intangible assets mainly relates to "Rights-of-use", as per IFRS 16, regarding the signing of the long-term rental contract for the new Wiit S.p.A. Head Quarters in via dei Mercanti 12, Milan, and the renewal of the contract for the offices at Via Muzio Attendolo detto Sforza 4/7 Milan.

The increase in property, plant and equipment mainly concerns the acquisition of IT infrastructure for new orders agreed in the first quarter.

Higher payables to other lenders are strictly related to tangible and intangible asset and right-of-use investments (IFRS 16).

Condensed Cash Flow Statement

The condensed cash flow statement for the period, compared to the end of the previous year and the same period for the previous year, is presented below.

In Euro	30.06.2019 Consolidated Financial Statements	30.06.2018 Consolidated Financial Statements
Net profit from continuing operations	2,823	1,383
Adjustments for non-cash items	1,865	3,172
Cash flow generated from operating activities before changes	**4,688**	**4,555**
Changes in current assets and liabilities	909	1,468
Cash flow generated from operating activities	(333)	(315)
Net cash flow generated from operating activities (a)	**5,264**	**5,708**
Net cash flow used in investment activities (b)	(-3,203)	(5,618)
Net cash flow from financing activities (c)	(-436)	(838)
Net increase/(decrease) in cash and cash equivalents (a+b+c)	**1,625**	**(747)**
Cash and cash equivalents at end of period	19,555	20,767
Cash and cash equivalents at beginning of period	17,930	21,514
Net increase/(decrease) in cash and cash equivalents	**1,625**	**(747)**

Key Financial Indicators

The net financial position at June 30, 2019 was as follows (in Euro):

	30/06/2019 Consolidated	31/12/18 Consolidated
Current financial assets	156	0
Cash and cash equivalents	19,555,472	17,930,107
Cash and cash equivalents and treasury shares	**19,555,628**	**17,930,107**
Payables to other lenders	(4,632,113)	(3,922,970)
Short-term loans and borrowings	(4,661,552)	(3,817,932)
Other current financial liabilities	(950,000)	(1,410,000)
Short-term financial payables	**(10,243,665)**	**(9,150,902)**
Short-term net financial position	**9,311,963**	**8,779,205**
Other non-current financial assets	337,566	333,666
Payables to other lenders	(8,099,995)	(4,801,538)
Bank payables	(8,064,458)	(6,144,430)
Other non-current financial liabilities	(2,550,000)	(2,550,000)
Net financial position - Medium/long-term	**(18,376,886)**	**(13,162,303)**
Net financial position - Short/long-term	**(9,064,924)**	**(4,383,098)**
Lease payables IFRS 16 (current)	1,167,372	614,104
Lease payables IFRS 16 (non-current)	4,654,933	470,127
Net financial position - Short/long-term (excluding IFRS 16 impact)	**(3,242,618)**	**(3,298,867)**

Good cash flows were generated from operating activities in the first half of the year. Cash and cash equivalents were in line with the preceding period, despite investments of approx. Euro 2.9 million in IT infrastructure related to new orders signed in the first quarter, and in part related to improvements at the new Headquarters in via dei Mercanti 12. The long-term rental contract for the new WIIT Head Quarters and the renewal of the contract for the offices at Via Muzio Attendolo detto Sforza 7 increased payables to other lenders by approx. Euro 4.4 million, as per IFRS 16.

The cash flow statement for the period compared to the same period of the previous year is presented below.

CONSOLIDATED CASH FLOW STATEMENT ('000 Euro)	30.06.19	30.06.18
Net profit from continuing operations	2,823	1,383
Adjustments for non-cash items:		
Amortisation, depreciation, revaluations and write-downs	2,361	2,398
Change in provisions	147	88
Financial expenses	128	315
Income taxes	(772)	370
Cash flow generated from operating activities before working capital changes	**4,688**	**4,555**
Changes in current assets and liabilities:		
Decrease/(increase) in trade receivables	631	290
Decrease (increase) tax receivables	19	(455)
Decrease (increase) other current assets	(1,033)	(1,231)
Increase (Decrease) in trade payables	(398)	(193)
Increase (Decrease) in tax payables	808	(52)
Increase/(decrease) in other current liabilities	343	3,109
Cash flow generated from operating activities		
Income taxes paid	(205)	0
Interest paid/received	(128)	(315)
Net cash flow generated from operating activities (a)	**4,724**	**5,708**
Net increase tangible assets	(1,480)	(3,060)
Net increase intangible assets	(1,313)	(2,307)
Net decrease (increase) in financial assets	131	(250)
Net cash flow used in investing activities (b)	**(2,663)**	**(5,618)**
Finance lease payables	(1,001)	(1,472)
New payables for finance leases	1,061	1,560
New financing	5,005	6,779
Repayment of loans	(2,240)	(2,206)
Drawdown (settlement) other financial investments	(704)	(100)
Increases (decreases) in bank overdrafts	(2)	241
Distribution dividends	(2,329)	(2,126)
Acquisition of treasury shares	(204)	0
Other changes to SE	(23)	(3,515)
Net cash flow from financing activities (c)	**(436)**	**(837)**
Net increase/(decrease) in cash and cash equivalents a+b+c	**1,625**	**(747)**
Cash and cash equivalents at end of period	19,555	20,767
Cash and cash equivalents at beginning of period	17,930	21,514
Net increase/(decrease) in cash and cash equivalents	**1,625**	**(747)**

The Shareholders' Meeting of March 18, 2019 approved the payment of dividends in April 2019.

On May 29, the buy-back plan began for the purchase of WIIT S.p.A shares on the STAR segment, Alternative Capital Market, of the Italian Stock Exchange.

For a better understanding of the financial situation, the table below illustrates some financial performance ratios compared to previous years.

		30/06/2019 Consolidated	31/12/2018 Consolidated
Primary liquidity	(Current assets + Inventory) / Current liabilities	1.61	1.63
Debt	Third party capital (loans) / Own capital	1.29	1.02

Financial instruments

The company at 30/06/2019 did not possess derivative financial instruments.

Investments

Investments made by the Group in the first half of 2019 amounted to Euro 2.8 million, Euro 2.5 million less compared to the first half of 2018. Investments for tangible assets of Euro 1.5 million mainly refer to to infrastructure purchases for new contracts and marginally "maintenance capex" to keep existing customer technologies updated, and purchases for the new headquarter in Via dei Mercanti 12. Investments for intangible assets of Euro 1.3 million refer to the capitalization of development costs, purchase of licenses and headquarter improvement.
Furthermore, the increases in the rights of use deriving from the impact of IFRS 16 amount to Euro 5 million and refer to the rental contract stipulated for the new management office of the Parent Company and to the renewal of the rental contract for the office in Via Muzio Attendolo detto Sforza n.4/7.

Treasury shares or parent company shares

In accordance with Article 2428 points 3) and 4) of the Civil Code, the company holds 68,944 treasury shares, but does not hold shares in parent companies, even through trust companies or nominees, nor have shares of the parent company been acquired and/or sold during the period, even through trust companies or nominees.

Information relating to the environment and personnel

In relation to the societal role of the company as set out in the Directors' Report of the Italian Accounting Professionals Body (Consiglio Nazionale dei Dottori commercialisti e degli esperti contabili), the following information relating to the environment and to personnel is provided.

Personnel

In the initial months of 2019, no deaths of registered employees occurred at the workplace.

No serious workplace accidents took place during the period which involved serious injury to registered employees.

No issues in relation to workplace health matters concerning employees or ex-employees or misconduct against the company arose in the initial months of 2019.

Environment

During the initial months of 2019 no environmental damage was declared against the company.

No penalties were incurred for offences or environmental damage in Q1 2019.

Development activities

Research and development costs are incurred both in-house and externally, mainly for the development of IT infrastructure. This infrastructure allows WIIT to provide its services effectively and competitively. They are substantially for installing the IT framework through which WIIT interfaces with customers and provides all its contractually agreed Services.

This IT infrastructure is essentially a strategic asset for the company, driving its competitivity and market expansion capacity. Investments were capitalised for Euro 380,016 during the period.

TRANSACTIONS WITH SUBSIDIARY, ASSOCIATE, HOLDING AND RELATED COMPANIES

Transactions with subsidiary, associate, holding and related companies

During the first half of 2019, the following transactions with subsidiaries, associates, holding and related companies took place:

	Costs	WIIT Fin S.r.l.	WIIT S.p.A.	WIIT Swiss S.A.	Foster S.r.l.	Adelante Srl	ICTW	Commit	Total
Revenues	WIIT Fin S.r.l.	-	249,500					-	**249,500**
	WIIT S.p.A.	-	-	-	4,116	69,657		12,990	**86,763**
	WIIT Swiss S.A.		1,321	-	-				**1,321**
	Foster S.r.l.	-	160,153	-	-	-	-	-	**160,153**
	Adelante S.r.l.		130,429		-	-	4,227	56,453	**191,109**
	ICTW		52,604		-	13,500	-		**66,104**
	Commit		700		-	120,714		-	**121,414**
	Total	**-**	**594,707**	**-**	**4,116**	**203,871**	**4,227**	**69,443**	**876,364**

	Receivables	WIIT Fin S.r.l.	WIIT S.p.A.	WIIT Swiss S.A.	Foster S.r.l.	Adelante Srl	ICTW	Commit	Total
Payables	WIIT Fin S.r.l.	-	2,047,478	-	56,484	-		-	**2,103,962**
	WIIT S.p.A.	279,390	-	1,085,378	68,353	181,122	52,603	1,196	**1,668,043**
	WIIT Swiss S.A.	-	-	-	-				**-**
	Foster S.r.l.	-	268,508	-	-	-	-	-	**268,508**
	Adelante S.r.l.	113,803	139,882		-	-	3,000		**256,685**
	ICTW		-		-	123,647	-		**123,647**
	Commit		17,678		-	25,923		-	**43,601**
	Total	**393,193**	**2,473,546**	**1,085,378**	**124,837**	**330,692**	**55,603**	**1,196**	**4,464,445**

Please note that the transactions with related parties, including inter-company transactions, are not quantifiable as either atypical or unusual but fall within the Group's normal business operations. These transactions were carried out on an arm’s length basis.

EXTERNAL RISKS

Financial Risks

The Group is not particularly exposed to financial risks. As operating mainly in the Eurozone, the company in fact only has a marginal exposure to exchange rate risk from transactions in foreign currency. Operating revenues and cash flows are not subject to market interest rate fluctuations and no significant credit risks exist as the financial counterparties are leading customers considered solvent by the market.

The financial risks to which the Group is exposed are mainly related to the sourcing of funds on the market (liquidity risk) and interest rate fluctuations (interest rate risk).

In the choice of financing and investing operations the company adopted prudent criteria and limited risk and no operations were taken of a speculative nature. The company funds these financial charges with liquidity from operations. In order to monitor financial risks through an integrated reporting system and ensure analytical planning of future activities, the company has adopted a management control system. In addition, the company did not utilise derivative financial instruments to hedge against risks regarding its funding requirements.

The main categories of financial risk are however outlined below, indicating the level of exposure to the various categories of risk.

Currency risk

Currency risk is defined as the risk of the value of a financial instrument changes following exchange rate movements.

The WIIT Group is exposed to the risk of significant changes to exchange rates, given that at the reporting date the Group had not adopted currency hedge policies.

In particular, the Group is subject to (i) currency conversion risk, based on the fact that the consolidating company Wiit S.p.A., although preparing its financial statements in Euro, holds the entire share capital of WIIT Swiss, a Swiss-registered company which prepares its financial statements in Swiss Francs. Fluctuations therefore in the exchange rates used to convert the financial statements of WIIT Swiss, originally expressed in Swiss Francs, may impact the Group's result and consolidated shareholders' equity; and (ii) exchange rate settlement risk from the purchase of services in currencies other than the Euro, i.e. US Dollars and Albanian Lek (to a very limited extent).

As operations are mainly in the "Eurozone", exposure to exchange rates risks deriving from operations in currencies other than the functional currency (Euro) is limited.

Interest rate risk

The management of the interest rate risk has the objective to ensure a balanced debt structure, minimising interest costs over time.

Interest rate risk concerns that affecting the value of a financial instrument on the basis of market interest rate fluctuations.

The Group is exposed to the risk that significant interest rate changes may occur and that the policies adopted to offset these fluctuations are insufficient.

The fluctuations in interest rates impact on the market value of the financial assets and liabilities of the company and on the level of the net financial charges, as some of the loans subscribed by the Group are at variable rates.

The Consolidating company over the years has almost exclusively contracted medium-term loans at a variable rate linked to the Euribor at 3 months and fixed rate loans. It monitors constantly cash flow movements.

The breakdown of existing loans is reported in the Explanatory Notes.

Market risk

Market risk is defined as the risk that the value of a financial instrument changes due to fluctuations in market prices.

The Group is exposed to the risks stemming from the global economic environment, and in particular the Italian market performance as the main market for the services provided by the Group. Specifically, political, general economic and global financial instability (and in particular in Italy) may significantly impact the Group's production capacity and growth outlook, with possible impacts on the operations, prospects and financial statements of the parent company and of the Group.

At European level, on more than one occasion recently fears have emerged that the European monetary union may come to an end or that the individual member states may abandon the Euro. The means for the departure of the United Kingdom from the European Union following the referendum of June 23, 2016 ("Brexit") is currently the subject of international negotiations. In addition, as a result of the 2007-2008 global economic-financial crisis, the sovereign debt crises in Greece, Ireland, Iceland, Portugal, Spain and Cyprus significantly impacted the European financial markets, with an increase in bond yields and significant volatility for the sovereign debt spreads of a number of European Union countries, including Italy. In more recent periods, signs of improvement have emerged regarding the international economic outlook, to a greater extent in the US and China and in some EU countries, while to a lesser extent in other European countries (including Italy). The Group constantly monitors market risk.

Credit risk

Credit risk is defined as the probable financial loss generated by the non-fulfilment by third parties of a payment obligation to the company.

The WIIT Group is exposed to the risk that its customers may be late or not comply with their payment obligations, according to the agreed terms and conditions and that the internal procedures adopted to assess credit standing and the solvency of clients are not sufficient to ensure collection.

Any missed payments, late payments or other defaults may be due to the insolvency or bankruptcy of the customer, economic events or specific issues affecting the customer. Payment delays may delay cash inflows.

The company does not have significant concentrations of credit risk, also due to the fact that it does not significantly deal with, as a strategic choice, the public sector.

The company manages this risk through choosing counterparties considered as solvent by the market and with a high credit rating, or through providing highly critical services which may not be easily interrupted by its customers.

For commercial purposes, policies have been adopted to ensure the solvency of customers and limit the exposure to the credit risk of an individual customer through evaluation and monitoring.

All receivables are periodically subject to an assessment by customer type, with write-downs made where impairments are identified.

The breakdown of trade receivables is provided in the Explanatory Notes.

Liquidity risk

Liquidity risk is defined as the risk that the Group encounters difficulties in sourcing the funds necessary to satisfy the obligations related to financial liabilities.

Prudent management of liquidity risk is pursued by monitoring the cash flows, financial needs and the liquidity of the company, so as to ensure the proper management of financial resources through appropriately allocating any excess or on demand liquidity and the undertaking of adequate lines of credit.

Economic environment risks

The Information Technology market is naturally linked to the general economic performance. A poorly performing economy may slow demand with consequent impacts on the financial statements, in particular for the subsidiaries.

Risks related to IT services

The services sector in which the company operates features rapid technological changes and the constant development of professional know-how and expertise. The risks related to the development of the ICT market are mitigated by the sector itself and internal contractual policies which guarantee a strong backlog and a long-term business vision.

The contracting phase of services and IT spending by companies has also favoured the growth of WIIT as such companies value its offer and the company's ability to rationalise and reduce costs for our customers compared to competitors.

Risks connected with regulatory developments

In operating as a hosting provider, the Group is subject to Directive 2000/31/EC and Legislative Decree No. 70/2003. Although the above-stated regulations assign merely a passive role to the hosting provider, limited to "merely technical, automatic and passive operations", the most recent jurisprudence in both Italy and the EU has in certain cases recognised to the provider also an active role.

This means - where this new interpretation is confirmed - that providers may be held responsible also for the content of the information stored on its servers, as considered the manager. The Group therefore may in the future be considered responsible for the content stored on Group infrastructure (such as information uploaded by customers on their websites) and as such may be involved in the relative disputes (with regards, for example, to intellectual property and civil and/or criminal liability).

The Group companies are therefore considered data owners as per Regulation EC 679/2016 on the protection of natural persons with regards to the processing of personal data, and are therefore required to comply with the relative regulations, with consequent compliance costs (see First Section, Chapter 4, Paragraph 4.1.9 of the Prospectus).

Finally, the parent company is held to incur costs and expenses, also of a significant nature, to ensure compliance with the legislation and regulations applicable to companies listed on a regulated market, such as the MTA.

INTERNAL RISKS

Risks connected to the employment of key personnel

The parent company and the Group are exposed to the risk of interruptions to professional relationships with top managers undertaking key roles, in addition to the risk of not being in a position to replace such individuals in an adequate and timely manner. In fact, although the Group has not recorded over recent years the turnover of its top management and although considering itself to have an operating structure capable of ensuring operational continuity, it is however exposed to this risk.

The parent company considers in fact that the success of the WIIT Group depends significantly on a number of key top managers, who - thanks to consolidated sector experience and in terms of specific roles and expertise - have over time assumed a critical role in managing Group operations, significantly contributing to developments.

Although, as stated, from an operating and management viewpoint the Group considers itself to have a structure in place capable of guaranteeing operating continuity, the loss of the professional contribution of one or more key individuals may impact operational developments and the timeframe for executing the Group's growth strategy. The consolidating company however consistently monitors this risk in order to replace in a timely manner such individuals with equally qualified and appropriate staff, so as to ensure the same operating and professional contribution and to avoid possible impacts on operations and the growth prospects of the parent company and of the Group.

Concentration risks

The parent company and the Group now offer services to enterprises operating on a range of markets (Finance, Service Provider, Defence, Manufacturing and Utility) and with highly divergent characteristics.

Company revenues are equally distributed. Despite this fact, the loss of certain significant customers may impact the company's financial statements, without however putting the company's going concern in danger.

Risks associated with contractual commitments

The Group provides high technological content and high value outsourcing services and the relative underlying contracts may stipulate the application of penalties for non-compliance with the agreed service levels.

Penalties are provided for in contracts in relation to the value of the services provided.

The company has also signed insurance policies deemed adequate to protect against risks resulting from civil liability for an annual ceiling of Euro 5 million.

Further to the above coverage, additional policies are taken out for significant economic/financial projects to avoid negative impacts on the Group's economic/equity and financial position.

CONSOLIDATED BALANCE SHEET

		30.06.19	31.12.18
ASSETS			
Other intangible assets	1	3.617.581	2.723.216
Goodwill	1	9.736.045	9.736.046
Rights of use	1	5.813.437	1.326.694
Property, plant and equipment	2	3.660.235	3.955.437
Other tangible assets	2	9.721.493	9.867.552
Equity investments and other non-current financial assets	3	68.062	68.062
Other non-current assets deriving from contracts	4	575.161	709.823
Other non-current assets	4	337.566	333.666
NON-CURRENT ASSETS		**33.529.580**	**28.720.495**
Inventories	5	0	0
Trade receivables	6	4.109.119	4.699.371
Trade receivables from group companies	6	400.244	460.965
Current financial assets	8	156	0
Deferred tax assets	8	666.869	685.410
Current assets deriving from contracts	8	299.615	329.905
Other receivables and other current assets	8	2.467.650	1.404.458
Cash and cash equivalents	9	19.555.472	17.930.107
CURRENT ASSETS		**27.499.124**	**25.510.216**
TOTAL ASSETS		**61.028.704**	**54.230.711**

	Note	30.06.19	31.12.18
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share Capital		2.652.066	2.652.066
Share premium reserve		19.248.704	19.248.704
Legal reserve		530.413	513.214
Other reserves		(5.173.098)	(4.921.971)
Reserves and retained earnings (accumulated losses)		2.379.276	1.241.408
Translation reserve		50.457	13.698
Net profit for the period		2.822.950	3.496.340
Total Shareholders' Equity	*10*	*22.510.768*	*22.243.459*
SHAREHOLDERS' EQUITY			
Payables to other lenders	11	8.099.995	4.801.538
Bank payables	12	8.064.458	6.144.430
Other non-current financial liabilities	13	2.550.000	2.550.000
Employee benefits	14	1.406.603	1.259.295
Deferred tax liabilities	15	214.768	214.022
Non-current liabilities deriving from contracts	16	1.095.327	1.339.529
Other payables and non-current liabilities	16	1	0
NON-CURRENT LIABILITIES		**21.431.152**	**16.308.814**
Payables to other lenders	11	4.632.113	3.922.970
Short-term loans and borrowings	12	4.661.552	3.817.932
Current income tax liabilities	17	500.837	669.451
Other current financial liabilities	13	950.000	1.410.000
Trade payables	18	3.662.929	3.802.103
Payables to group companies	19	280.586	0
Current liabilities deriving from contracts	20	627.004	765.604
Other payables and current liabilities	16	1.771.763	1.290.378
CURRENT LIABILITIES		**17.086.783**	**15.678.438**
LIABILITIES HELD-FOR-SALE		**0**	**0**
TOTAL LIABILITIES		**61.028.703**	**54.230.711**

CONSOLIDATED INCOME STATEMENT

		30.06.19	30.06.18
REVENUES AND OPERATING INCOME			
Revenues from sales and services	21	14.748.399	10.059.949
Other revenues and income	22	25.406	622.891
Total revenues and operating income		**14.773.805**	**10.682.840**
OPERATING COSTS			
Purchases and services	23	(7.104.742)	(3.936.394)
Personnel costs	24	(2.613.229)	(2.116.533)
Amortisation, depreciation, and write-downs	25	(2.900.747)	(2.398.190)
Provisions	-	0	0
Other costs and operating charges	26	(172.095)	(175.722)
Change Inventories of raw mat., consumables and goods	-	0	0
Total operating costs		**(12.790.813)**	**(8.626.839)**
EBIT		**1.982.992**	**2.056.001**
Write-down of equity investments	27	0	0
Financial income	28	207.336	1.691
Financial expenses	29	(128.436)	(314.924)
Exchange gains/(losses)	30	(10.591)	10.867
PROFIT BEFORE TAXES		**2.051.301**	**1.753.634**
Income taxes	31	771.649	(370.231)
NET PROFIT FROM CONTINUING OPERATIONS		**2.822.950**	**1.383.403**
Net profit from discontinued operations		**0**	**0**
NET PROFIT		**2.822.950**	**1.383.403**
EBITDA		**4.883.739**	**4.454.191**
		33,1%	**41,7%**
EBIT		**1.982.992**	**2.056.001**
		13,4%	**19,2%**

COMPREHENSIVE INCOME STATEMENT

	H1 2019	H1 2018
NET PROFIT FROM CONTINUING OPERATIONS	**2,822,950**	**1,383,403**
Discounting Provisions for employee benefits (IAS19)	(83,151)	(13,158)
Tax effect of other comprehensive income items for the period	23,200	5,092
NET PROFIT FROM CONTINUING OPERATIONS	**2,762,999**	**1,375,337**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Legal reserve	FTA Reserve	Discounting post-employment benefits provision	Other	Retained earnings and losses carried forward	Translation reserve	Net result	Total Shareholders' Equity
BALANCE AT 31/12/18	**2,652,066**	**19,248,704**	**512,214**	**(101,168)**	**(150,543)**	**(4.,670,260)**	**1,241,408**	**13,698**	**3,496,340**	**22,243,459**
Allocation of 2018 result										
Legal reserve			17,199						(17,199)	0
Dividends paid									(2,328,575)	(2,328,575)
Carried forward							1,150,566		(1,150,566)	0
Translation reserve						35		36,759		36,794
Other movements						12,698	(12,698)			0
Acquisition of treasury shares						(203,910)				(203,910)
Comprehensive income statement at 30/06/2019					(59,952)				2,822,950	2,762,998
BALANCE AT 30/06/2019	**2,652,066**	**19,248,704**	**530,413**	**(101,168)**	**(210,495)**	**(4,861,437)**	**2,379,277**	**50,457**	**2,822,950**	**22,510,768**

CONSOOLIDATED CASH FLOW STATEMENT ('000Euro)	30.06.19	30.06.18
Net profit from continuing operations	2,823	1,383
Adjustments for non-cash items:		
Amortisation, depreciation, revaluations and write-downs	2,361	2,398
Change in provisions	147	88
Financial expenses	128	315
Income taxes	(772)	370
Cash flow generated from operating activities before working capital changes	**4,688**	**4,555**
Changes in current assets and liabilities:		
Decrease/(increase) in trade receivables	631	290
Decrease (increase) tax receivables	19	(455)
Decrease (increase) other current assets	(1,033)	(1,231)
Increase (Decrease) in trade payables	(398)	(193)
Increase (Decrease) in tax payables	808	(52)
Increase/(decrease) in other current liabilities	343	3,109
Cash flow generated from operating activities		
Income taxes paid	(205)	0
Interest paid/received	(128)	(315)
Net cash flow generated from operating activities (a)	**4,724**	**5,708**
Net increase tangible assets	(1,480)	(3,060)
Net increase intangible assets	(1,313)	(2,307)
Net decrease (increase) in financial assets	131	(250)
Net cash flow used in investing activities (b)	**(2,663)**	**(5,618)**
Finance lease payables	(1,001)	(1,472)
New payables for finance leases	1,061	1,560
New financing	5,005	6,779
Repayment of loans	(2,240)	(2,206)
Drawdown (settlement) other financial investments	(704)	(100)
Increases (decreases) in bank overdrafts	(2)	241
Distribution dividends	(2,329)	(2,126)
Acquisition of treasury shares	(204)	0
Other changes to SE	(23)	(3,515)
Net cash flow from financing activities (c)	**(436)**	**(837)**
Net increase/(decrease) in cash and cash equivalents a+b+c	**1,625**	**(747)**
Cash and cash equivalents at end of period	19,555	20,767
Cash and cash equivalents at beginning of period	17,930	21,514
Net increase/(decrease) in cash and cash equivalents	**1,625**	**(747)**

Group Structure and explanatory notes

Parent company

- WIIT S.p.A.

Direct and indirect subsidiaries and Group holdings

At June 30, 2019, the WIIT Group comprised five companies: WIIT S.p.A., the consolidating company, a joint-stock company incorporated in Italy, with registered office in Via dei Mercanti n.12, Milan, and its subsidiaries WIIT Swiss S.A., incorporated in Switzerland, with registered office in Dottikon – Bleicheweg 5 (CH), wholly-owned by the consolidating company, Foster S.r.l., a limited company incorporated in Italy, with registered office in Via Muzio Attendolo detto Sforza n.7, Milan, wholly-owned, Adelante S.r.l., a limited company incorporated in Italy, with registered office in Via Sandro Pertini 7, Bagno a Ripoli (FI), wholly-owned by the Consolidating company and ICT Watcher Sh.p.k., with registered office in Rruga Abdyl Frasheri, building 8 Tirana, an Albanian-registered company wholly-owned by the subsidiary Adelante S.r.l..

Notes to the consolidated half-year report at 30.06.2019

Wiit S.p.A. (the consolidating company) incorporated in 2016 the subsidiary Wiit Swiss SA, holding from 2016 a controlling share.
On July 18, 2018, the full acquisition was completed of Adelante, a company specialising in the digital transformation of medium-sized enterprises and supplying - also through the Group companies - Cloud Computing services, managed services, managed security, business process outsourcing and unified communication.
On December 3, 2018, the consolidating company completed the acquisition of 65.03% of Foster, owner of a document management platform through which the Group provides, *inter alia*, enterprise information management and digital business process outsourcing services.

The company operates on the IT services market through outsourcing contracts, with a particular focus on the management of the IT processes of its customers in the following sectors:
- finance;
- manufacturing;
- services;
- telecommunications.

Operations are conducted through specific and innovative work, asset and specialised resource organisation models.

International accounting standards

Declaration and basis of preparation

The consolidated financial report at June 30, 2019 of Wiit S.p.A. was prepared in accordance with the International Financial Reporting Standards (IFRS) adopted from 1 January 2019 and in particular has been prepared in accordance with international accounting standard IAS 34 related to intermediate financial statements.

The consolidated interim financial report does not contain all the information and notes of the annual financial statements, therefore it must be read in conjunction with the consolidated financial statements of Wiit S.p.A. as at 31 December 2018. In application of the European Regulation n. 1606 of 19 July 2002, the principles adopted do not consider the standards and interpretations published by the IASB and the IFRIC as of June 30, 2019, but not yet approved by the European Union on that date

It was prepared in Euro, which is the currency of the country in which the company mainly operates. It comprises the balance sheet, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the cash flow statement and these notes. The report was prepared according to the historic cost principle and on a going concern basis. In this latter regard, although operating within a difficult economic and financial environment, the company considers - also in view of its strong competitive positioning, its high profitability and the solidity of its balance sheet and financial position - to operate as a going concern as per paragraphs 25 and 26 of IAS 1.

PRINCIPI CONTABILI, EMENDAMENTI ED INTERPRETAZIONI IFRS APPLICATI DAL 1 GENNAIO 2018

The following amendments were applied for the first time by the Group as of 1 January 2018:

- **IFRS 15 – Revenue from Contracts with Customers** (published on 28 May 2014 and supplemented with further clarifications published on 12 April 2016) is intended to replace the standards IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model to be applied to all customer contracts except those falling within the scope of other IAS/IFRS standards such as leases, insurance contracts and financial instruments. The key steps for revenue recognition according to the new model are:

    - identification of the contract with the customer;
    - identification of the performance obligations of the contract;
    - determination of the price;
    - allocation of the price to the contract performance obligations;
    - revenue recognition criteria when the entity meets each performance obligation.

The standard was applied from 1 January 2018. The directors identified the performance obligations contained in the contract and reallocated the revenues and costs related to them and decided to account for the effects of the first-time application of the standard by adopting the modified retrospective approach. The effect of the first-time application involved a change in shareholders' equity through the creation of a special negative reserve amounting to Euro 1,269,294, an increase in contract liabilities of Euro 2,393,898, an increase in contract assets of Euro 633,434 and the effect of deferred taxes of Euro 491,169.

- **IFRS 16 – Leases** (published on 13 January 2016), intended to replace IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.
  The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset for distinguishing lease contracts from service contracts, identifying as discriminating factors: identification of the asset, the right to replace the same, the right to obtain substantially all of the economic benefits arising from the use of the asset and the right to direct the use of the asset underlying the contract.
  The standard establishes a single model of recognition and valuation of lease contracts for the lessee which entails recognising the asset covered by the lease, including operating lease, under assets with an offsetting financial payable, while also providing the possibility of not recognising as leases contracts which refer to "low-value assets" (i.e. leases regarding assets with a value of less than Euro 5,000) and leases with a contract term less than or equal to 12 months. On the contrary, the standard does not include significant changes for lessors.
  The directors applied IFRS 16 early from 1 January 2018, jointly with application of IFRS 15. In particular, the directors completed the project for the implementation of the new standard, which made provision for a first phase of detailed analysis of the contracts and the accounting effects and a second phase of implementation and/or adjustment of the administrative processes and of the accounting system. The directors applied IFRS 16 by adopting the modified retrospective approach and decided to determine the right of use as equal to the net carrying amount that it would have had in the event in which the standard had been applied from the contract start date using, however, the discount rate defined at the transition date. The effect of the first-time application involved a change in shareholders' equity through the creation of a special reserve amounting to Euro 43,979, a net increase in intangible fixed assets of Euro 1,484,252, an increase in financial payables of Euro 1,423,256 and the effect of deferred taxes of Euro 17,017.

- **IFRS 9 – Financial Instruments** (published on 24 July 2014). The document includes the results of the IASB project to replace IAS 39:
  - introduces some new criteria for the classification and measurement of financial assets and financial liabilities

(together with the measurement of non-substantial modifications in financial liabilities);
  - With reference to the impairment model, the new standard requires that the estimate of losses on receivables be made on the basis of the expected losses model (and not on the incurred losses model used by IAS 39) using supporting information, available without unreasonable burden or effort, which includes historical, current and prospective data.
  - introduces a new hedge accounting model (increase in the types of transactions eligible for hedge accounting, change of method of accounting of forward contracts and options when included in a hedge accounting relationship, modifications to the effectiveness test).
  - The new standard was applied from 1 January 2018. The effect of the first-time application involved a change in shareholders' equity through the creation of a special negative reserve amounting to Euro 11,995, an increase in the bad debt provision of Euro 16,581 and the effect of deferred tax assets of Euro 4,626.

- **Amendment to IFRS 2 "Classification and measurement of share-based payment transactions"** (published on 20 June 2016), which contains some clarifications in relation to the accounting of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement characteristics and the accounting of the amendments to the terms and conditions of a share-based payment that change their classification from cash-settled to equity-settled. The amendments were applied from 1 January 2018. The adoption of this amendment did not have any effects on the Group's consolidated financial statements.
- **Document "Annual Improvements to IFRSs: 2014-2016 Cycle",** published on 8 December 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard) which partially supplement the pre-existing standards. The majority of the amendments were applied from 1 January 2018. The adoption of these amendments did not have any effects on the Group's consolidated financial statements.

- **Amendment to IAS 40 "Transfers of Investment Property"** (published on 8 December 2016). These amendments clarify the transfers of a property to, or from investment property. In particular, an entity must classify a property between, or from investment property only when there is evidence of a change in use of the property. This change must be related to a specific event that has happened and therefore must not concern a mere change of intention by the management of an entity. These amendments were applied from 1 January 2018. The adoption of these amendments did not have any effects on the Group's consolidated financial statements.

- **Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (published on 8 December 2016). The Interpretation aims to provide guidelines for foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. This document addresses how an entity should determine the date of the transaction and, consequently, the spot exchange rate to use when foreign currency transactions are carried out in which the payment is made or received in advance. IFRIC 22 was applied from 1 January 2018. The adoption of this interpretation did not have any effects on the Group's consolidated financial statements.

IFRS & IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1, 2019

- The IASB published an amendment to **IFRS 9 "Prepayment Features with Negative Compensation"** on October 12, 2017. This document specifies that instruments which provide for an advance repayment could comply with the Solely Payments of Principal and Interest ("SPPI") test also in the case where the "reasonable additional compensation" to be paid in the event of advance repayment is a "negative compensation" for the lender. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- The IASB published the interpretation "**Uncertainty over Income Tax Treatments"** on June 7, 2017. The interpretation deals with uncertainties on the tax treatment to be adopted for income taxes. In particular, the interpretation requires an entity to analyse uncertain tax treatments (individually or collectively, depending on their characteristics), always assuming that the tax authority will examine the tax position in question, with access to all relevant information. Where the entity deems it improbable that the tax authority will accept the tax treatment adopted, the entity must reflect the uncertainty in the measurement of its current and deferred income taxes. In addition, the document does not contain any new disclosure obligations, but underlines that an entity should establish whether it will be necessary to provide information on considerations made by management and the relative uncertainty concerning the accounting of income taxes, in accordance with IAS 1.

The new interpretation was applied from January 1, 2019. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- On December 12, 2017 the IASB published the document **“Annual Improvements to IFRSs 2015-2017 Cycle”** which reflects the amendments to some standards within the annual improvements process. The principal changes relate to:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control a business which represents a joint operation, it must remeasure its previous holding in the business. This process however is not required in relation to obtaining joint control.
  - IAS 12 Income Taxes: The amendment clarifies that all the tax effects related to dividends (including the payments on financial instruments classified within equity) must be recognised in line with the transaction which generated these profits (profit or loss, OCI or net equity).
  - IAS 23 Borrowing costs: the amendment clarifies that in the case of loans which remain in place even after the qualifying asset is ready for use or for sale, these become part of the overall financing utilised to calculate the borrowing costs.

The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- The IASB published the document “**Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)”** on February 7, 2018. The document clarifies that an entity must recognise a change (i.e. a curtailment or a settlement) of a defined benefit plan. The amendments require the entity to update their assumptions and remeasure the net liability or asset from the plan. The amendments clarify that after the occurrence of this event, an entity utilises updated assumptions to measure the current service cost and interest for the remainder of the period. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- On October 12, 2017, the IASB published the document “**Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)**”. This document clarifies the need to apply IFRS 9, including the impairment requirements, to other long-term interests in associates and joint ventures for which the equity method is not applied. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At June 30, 2019, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and standards described below.

- On October 22, 2018, the IASB published the document **"Definition of a Business (Amendments to IFRS 3)".** The document provides clarification regarding the definition of business for the purposes of the proper application of IFRS 3. In particular, the amendment clarifies that while a business normally yields an output, the existence of an output is not strictly necessary to identify a business when there is an integrated set of activities and assets. However, in order to meet the definition of a business, an integrated set of activities and assets must include, at minimum, an input and a substantial process that together contribute significantly to the capacity to create output. For this purpose, the IASB has replaced the term "capacity to create output" with "capacity to contribute to the creation of output" to clarify that a business may exist even without all the inputs and processes necessary to create an output.
The amendment also introduced an optional test ("concentration test") for an entity to determine whether a set of activities and assets acquired is not a business. If the test yields a positive result, the set of activities and assets acquired does not constitute a business and the Standard does not require further verification. If the test yields a negative result, the entity must conduct additional analyses of the activities and assets acquired to identify the presence of a business. To this end, the amendment adds numerous examples illustrating IFRS 3 with the aim of ensuring an understanding of the practical application of the new definition of a business in specific cases. The amendments apply to all business combinations and acquisitions of activities after January 1, 2020, although advance application is permitted.
Considering that the amendment will be applied to any new acquisitions concluded with effect from January 1, 2020, any effects will be recognized in the consolidated financial statements as at and for years ending after that date.

- On October 31, 2018, the IASB published the document **"Definition of Material (Amendments to IAS 1 and IAS 8)"**. The document modified the definition of "material" in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment aims to provide a more specific definition of "material" and introduce the concept of "obscured information" alongside the concepts of omitted or misstated information previously included in the two amended Standards. The amendment clarifies that information is obscured if it is described in a way that results in an effect for the primary users of the financial statements similar to that which would have resulted if the information in question had been omitted or misstated.
The amendments resulting from the document apply to all transactions after January 1, 2020.
The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On September 11, 2014, the IASB published an amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10.
According to IAS 28, the profit or loss from the sale or conferment of a non-monetary asset to a joint venture or associate in exchange for a share of the

capital of this latter is limited to the share held in the joint venture or associate by external investors to the transaction. On the other hand, IFRS 10 provides for the recognition of the entire profit or loss in the case of loss of control of a subsidiary, also if the entity continues to hold a non-controlling holding, including also upon the sale or conferment of a subsidiary to a joint venture or associate. The amendments introduced establish that for the disposal/conferment of an asset or of a subsidiary to a joint venture or associated company, the amount of profit or loss to be recognized to the financial statements of the disposing company/conferring company depends on whether the asset or the subsidiary disposed of/conferred constitutes a business, in the definition established by IFRS 3. In the case in which the assets or the subsidiary disposed of/conferred represents a business, the entity should recognize the profit or the loss on the entire share previously held; while, in the contrary case, the share of the profit or loss concerning the stake still held by the entity should be eliminated. Currently, the IASB has suspended the application of this amendment. The directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

Financial Statements

The company has adopted the following presentation of the financial statements:

- a balance sheet which separately presents current and non-current assets and current and non-current liabilities;
- an income statement which classifies costs by type;
- a comprehensive income statement which presents the revenue and cost items not recognised to the profit (loss) for the year, as required or permitted by IFRS;
- a cash flow statement which presents cash flows from operating activities according to the indirect method.

The adoption of these statements permits the best representation of the Group's equity, economic and financial situation.

Consolidation scope

The Consolidated Financial Statements of the WIIT Group include the half yearly figures for WIIT and its subsidiaries, both those directly and indirectly held, according to the financial statements approved by the respective Boards of Directors, appropriately adjusted where necessary in order to comply with the IAS/IFRS adopted by the company to prepare the Consolidated financial report.

The companies over which Wiit S.p.A. simultaneously has the following three elements are considered subsidiaries: (a) power over the entity; (b) exposure, or rights, to variable returns deriving from involvement with the same; (c) capacity to utilise the power to influence the amount of these variable returns. Subsidiaries, where undertaking significant activities to correctly represent the

equity, economic and financial situation of the Group, are consolidated from the date at which control occurs until the moment at which it terminates.
From 2016, the Group consolidated WIIT Swiss S.A., of which control was acquired in July 2016.
The consolidation scope at June 30, 2019 includes the parent WIIT and the companies WIIT Swiss S.A., Foster S.r.l., Adelante S.r.l. and ICT Watcher Sh.p.k., which WIIT directly and indirectly wholly-owns. The consolidated income statement reflects the half yearly values of Wiit S.p.A. and Wiit Swiss, while with regards to Adelante S.r.l., ICTW Sh.p.k. and Foster S.r.l. reflects the values from the acquisition date.

Adoption of international accounting standards

Following the entry into force of Legislative Decree No. 38 of February 28, 2005 which governs the faculty to prepare the statutory and consolidated financial statements in accordance with International Accounting Standards on the basis of the options under Article 5 of Regulation (EC) No. 1606/2002 issued by the European Parliament and Council in July 2002, the WIIT Group voluntarily adopted these accounting standards from the preparation of the WIIT S.p.A. financial statements at December 31, 2015. These latter for the first time were filed according to the means set out by the above law. The Group has therefore applied from January 1, 2015 the accounting policies established under International Accounting Standards and the relative interpretations ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), endorsed by the European Commission and considered applicable to transactions undertaken by the Group.

Basis of Consolidation

The data utilised for the consolidation was taken from the income statement and balance sheet prepared by the Directors of each subsidiary. These financial statements were reclassified and adjusted, where necessary, in order to apply uniform international accounting standards and uniform classifications within the Group.
The criteria adopted for the consolidation were as follows:
a) the assets and liabilities, the income and charges of the financial statements consolidated under the line-by-line method are included in the financial statements of the Group, without consideration of the holding in the subsidiary. The carrying amount of the investments are eliminated against the relative net equity of the investee companies.
b) The positive differences resulting from the elimination of the investments against the book net equity at the date of initial consolidation is allocated to the higher values attributed to the assets and liabilities, and the residual part to goodwill.
c) The payables/receivables, costs/revenues between consolidated companies and the gains/losses resulting from inter-company transactions are eliminated.

d) Where minority shareholders are present, the share of net equity and of the net result is assigned to the relative accounts of the consolidated balance sheet and income statement.

Conversion into Euro of financial statements prepared in foreign currencies

The separate financial statements of each company belonging to the Group are prepared in the primary currency where they operate (operational currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in Euro, which is the operational currency of the Group and the presentation currency of the consolidated financial statements.
The conversion of the balance sheet items expressed in currencies other than the Euro is made applying current exchange rates at period-end. The income statement accounts are converted at the average exchange rate for the period.
The exchange differences on the conversion between the initial net equity translated at current exchange rates and those converted at historic exchange rates, as well as the differences between the result expressed at average exchange rates and those at current exchange rates, are allocated to the net equity account "Other reserves".
The exchange rates utilised to convert into Euro the financial statements of the overseas subsidiary, prepared in local currency, are presented in the following table:

Currency	Exchange rate at 30.06.19	Average exchange rate H1 2019
Swiss Franc	1.1105	1.1295
Lek	122.63	123.88

Reconciliation between the shareholders' equity and the net result of the parent company and consolidated shareholders' equity and net result

	Net Result	Group Shareholders' equity
Parent	2,112,259	19,445,214
Adjusted shareholders' equity and results of the consolidated companies attributable to the Group	710,691	4,952.578
Elimination of the net carrying amount of the consolidated investees	-	(10,190.212)
Consolidation adjustments (goodwill)	-	8,303,187
Distribution of dividends to minority shareholders	-	-
Consolidated	**2,822,950**	**22,510,768**

Main notes to the balance sheet

1. INTANGIBLE ASSETS

31/12/2018	30/06/2019	Changes
13,785,955	19,167,063	5,381,108

Total movements of Intangible Assets over the last two years:

Description	31/12/2017	Increases	Acquisitions	Decreases	Amortisation	31/12/2018
Goodwill	1,315,026	8,303,186	117,833	0	0	9,736,046
Goodwill	**1,315,026**	**8,303,186**	**117,833**	**0**	**0**	**9,736,046**

Description	31/12/2017	Increases	Acquisitions	Decreases	Amortisation	31/12/2018
Concessions and brands	182,695	278,105	0	0	(107,915)	352,885
Development Costs	299,603	199,974	0	0	(139,861)	359,715
Assets in progress	516,076	535,267	0	(162,602)	0	888,742
Other	403,486	280,176	624,210	0	(185,999)	1,121,873
Other intangible assets	**1,401,860**	**1,293,522**	**624,210**	**(162,602)**	**(433,775)**	**2,723,215**

Description	31/12/2017	Increases	Acquisitions	Decreases	Amortisation	31/12/2018
Rights-of-use	0	1,891,149	273,712	0	(838,167)	1,326,694
Rights-of-use	**0**	**1,891,149**	**273,712**	**0**	**(838,167)**	**1,326,694**

Total	**2,716,886**	**11,487,857**	**1,015,755**	**(162,602)**	**(1,271,942)**	**13,785,955**

Description	31/12/2018	Increases	Acquisitions	Decreases	Amortisation	30/06/2019
Goodwill	9,736,046	0	0	0	0	9,736,046
Goodwill	**9,736,046**	**0**	**0**	**0**	**0**	**9,736,046**

Description	31/12/2018	Increases	Acquisitions	Decreases	Amortisation	30/06/2019
Concessions and brands	352,885	248,063	-	-	- 84,491	516,457
Development Costs	359,715	207,232	-		- 90,654	476,293
Assets in progress	888,742	538,038	-	(207,232)	-	1,219,548
Other	1,121,873	416,059	-	-	- 132,650	1,405,282
Other intangible assets	**2,723,215**	**1,409,392**	**0**	**(207,232)**	**(307,795)**	**3,617,580**

Description	31/12/2018	Increases	Acquisitions	Decreases	Amortisation	30/06/2019
Rights-of-use	1,326,694	5,026,555	0	0	(539,812)	5,813,437
Rights-of-use	**1,326,694**	**5,026,555**	**0**	**0**	**(539,812)**	**5,813,437**
Total	**13,785,955**	**6,435,947**	**0**	**(207,232)**	**(847,607)**	**19,167,062**

The net carrying amount at the beginning of the year is broken down as follows:

Description	Historic cost	Acc. amort.	Revaluations	Write-downs	Net value
Goodwill	9,736,046	0	0	0	9,736,046
Goodwill	**9,736,046**	**0**	**0**	**0**	**9,736,046**

Description	Historic cost	Acc. amort.	Revaluations	Write-downs	Net value
Concessions and brands	693.932	341.047	0	0	352.885
Development Costs	967.726	608.011	0	0	359.715
Assets in progress	888.742	0	0	0	888.742
Other	1.694.360	572.487	0	0	1.121.873
Other intangible assets	**4.244.760**	**1.521.545**	**0**	**0**	**2.723.215**

Description	Historic cost	Acc. amort.	Revaluations	Write-downs	Net value
Rights-of-use	2,164,861	838,167	0	0	1,326,694
Rights-of-use	**2,164,861**	**838,167**	**0**	**0**	**1,326,694**
Total	**16,145,667**	**2,359,712**	**0**	**0**	**13,785,955**

Goodwill

The parent company verifies the recovery of the goodwill at least on an annual basis or more frequently when there is an indication of impairment. The recoverable value is verified through calculating the value in use, through discounting the expected cash flows. Goodwill was not written down in previous years.

The goodwill recognised to the financial statements mainly comprises:

- the merger by incorporation of the subsidiary Sevenlab S.r.l., with accounting and tax effects from January 1, 2014 and recognised to assets following the approval of the Board of Statutory Auditors for an amount of Euro 930,026;
- the acquisition of the Visiant Technologies (Visiant Group) business unit, which manages the Data center services and infrastructure for an amount of Euro 381,000. The acquisition is the result of an industrial transaction between Wiit Spa and Visiant Group, with the setting up of a partnership to tap into new synergies and market opportunities, becoming a hub for the IT service providers sector and expanding also through acquisition-led growth;
- the acquisition of 65.03% of Foster in December 2018 and the recognition of the residual consolidation difference to goodwill of Euro 1,206 thousand following the allocation of the acquisition cost to the acquired assets and liabilities;
- the full acquisition of Adelante in July 2018 and recognition of the consolidation difference for Euro 7,097 thousand. The shareholders' equity of

the company acquired at the acquisition date was calculated at June 30, 2018, as although the acquisition date was July 18, 2018, it was assumed that no transactions with significant impacts took place in the period between July 1, 2018 - July 18, 2018 which would justify the preparation of a financial statements at July 18, 2018.
It should be noted that the Company has made use of the right to determine the values to be allocated within 12 months from the acquisition date. The recoverability of assets with an indefinite useful life was valued at 31 December 2018 through an impairment test, prepared on the basis of the 2019 - 2021 forecast plan, which was subject to approval by the Directors who did not highlight the need to make a write-down. As at 30 June 2019, the trend in sales, profitability and orders during the first half of 2019 confirmed the positive trend on the basis of which the previously mentioned plan was developed. Therefore the Directors believe that there are no indicators of non-recoverability of the carrying amount of goodwill.

Concessions, brands and patents

Concessions and brands essentially concern the protection of company brands.

Development costs

Development activities include costs incurred both internally and externally and mainly regard the development of ICT infrastructure. This infrastructure allows WIIT to provide its services effectively and competitively. They are substantially for installing the IT platforms and the framework through which the Group issues and manages contractually covered services and interfaces with customers.

IT Security is one of the services in which the Group is heavily investing R&D, as demand from customers is expected to significantly rise. In fact, the cost of the assets is mainly related to installing the "Wiit Cyber Security Roadmap", infrastructure and services for managing the IT security of all Systems at WIIT's Data Centers or at other customer Data Centers, both for in-house Systems at Wiit and those of Customers to whom Wiit provides its Services.

Development costs include those regarding the "Wiit Orchestrator" project. This project permits the activation, monitoring and central management of systems which may be active both in "private cloud" environments and in "hosted private cloud" and "public cloud" environments. The platform also allows the end customer to manage independently from an operating viewpoint some of its environments hosted in the Wiit cloud or in other Clouds.

In addition to the "WIIT Cloud Orchestrator" project, as described above, it includes also some of the initial features of the "WIIT Cyber Security Roadmap" macro project which concluded in 2018.

During the first half of 2019, the "Electronic invoicing" project concluded.
The Electronic Invoices management services which WIIT shall provide on conclusion of the project, also through third party intermediaries, cover the "End to End" management of incoming and outgoing tax documents, entirely ensuring compliance with the applicable regulations.
The services involve the activation with a software platform based on the Alfresco document system, with which users can manage tax documents.
The created platform presents a specific "Finance" area with custom visualisation, research, exporting and document sharing functionalities.
Integration functionalities with the ERP systems (e.g. SAP) were developed for the management of the receivables and payables cycle, which allow for the sending of customer invoices and the automatic registration and accounting of supplier invoices.
Communication interphases were developed to enable the transmission and exchange of data with intermediaries to the SDI of SOGEI (MEF) in order to manage the sending of customer invoices regarding the receivables cycle and the receipt of supplier invoices for the payables cycle.
In order to monitor communication activities between the various components (ERP, Alfresco platform and intermediary systems) a reporting system was developed which manages the analysis of documents prepared and the outcome of communications, providing punctual responses to users (e.g. via e-mail) on any errors or unsuccessful integrations.
Finally, the system permits the management of the digital storage process with regards to the receivables and payables cycle, interfacing with the chosen provider.

Assets in progress

Among operations in progress, other components of **WIIT's security infrastructure (Wiit Cyber Security Roadmap) are being rolled out, including:**

- Traffic Shaping technologies to control the bandwidth in transit to the Internet and to the systems/services present at DC's accessed by the interconnected customers.
- Log management technologies to manage and analyse system logs
- Anti-DDoS system
- Next Generation Firewall integration
- Automation systems for the DB Copy SAP and patching management, with a particular focus on patch security.

Other projects being implemented include "Automated Billing", which integrates and completes the WIIT Cloud Orchestrator project, consisting of the automating of processes from a resource volume and relative economic aspects viewpoint. The system collects and processes the volumes of activities and resources issued also for automatic balancing and invoicing, according to the various customer consumption methods (self-provisioned, plafond based, on-demand, etc.) and the SAP S/4 HANA and BPC development project.

The above projects and functionalities are in addition to other existing functionalities which together represent the company's strategic assets and which it depends on for its competitivity and market expansion capacity.

The line "others" amounts to Euro 1.4 million and had an increase of approximately Euro 416 thousand due mainly to the purchase of new licenses and the "coming into operations" of the fixed assets in progress last year.

Rights-of-use

The "Rights-of-Use" account stems from the adoption of IFRS 16 which had an impact on the recognition of assets acquired by the company through property lease and vehicle hire contracts. This account includes the rental of properties and the long-term hire of the company vehicle fleet.

2. PROPERTY, PLANT & EQUIPMENT

31/12/2018	30/06/2019	Changes
13,822,989	13,822,989	(441,261)

Total movement of property, plant and equipment over the last two years.

Description	31/12/2017	Increases	Acquisitions	Decreases	Depreciation	31/12/2018
Property, plant and equipment	4,621,935	39,936	411,929	0	(1,118,362)	3,955,437
Other tangible assets	8,290,562	4,146,309	63,208	0	(2,632,528)	9,867,553
Total	**12,912,497**	**4,186,246**	**475,136**	**0**	**(3,750,890)**	**13,822,989**

Description	31/12/2018	Increases	Acquisitions	Decreases	Depreciation	30/06/2019
Property, plant and equipment	3,955,437	254,066	0	0	(429,016)	3,660,235
Other tangible assets	9,867,553	1,390,133	0	0	(1,492,716)	9,721,493
Total	**13,822,989**	**1,644,198**	**0**	**0**	**(1,921,730)**	**13,381,728**

The net carrying amount at the beginning of the year is broken down as follows:

Description	Historic cost	Acc. deprec.	Increases	Write-downs	Net value
Property, plant and equipment	9,065,984	(5,110,547)	0	0	3,955,437
Other tangible assets	15,910,555	(6,043,005)	0	0	9,867,553
Total	**24,976,539**	**11,153,552**	**0**	**0**	**13,822,989**

Property, plant and equipment are mainly held by the parent company.

"Plant and machinery" include the costs for all tangible assets comprising the "core" of the company and in particular the Milan and Castelfranco Veneto Data Centers and all of the relative plant.

"Other tangible assets" principally concern the acquisition of equipment (mainly EDP), partly for the replacement of existing infrastructure (capex maintenance), although mainly for new orders in line with previous years.

3. EQUITY INVESTMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS

The investment concerns the company Commit S.r.l. for an amount of Euro 68,082, held by the parent company following the acquisition of the Adelante Group in July 2018.

Associates

Company	City	S.C.	Shareholders' Equity	Profit/(loss)	% held	Value	Changes Carrying amount and S.E.
Commit	Florence	119,000	383,082	42,775	20.00%	68,082	0

The shareholders' equity and the net profit are from the last approved financial statements (year ending 31.12.2018).

4. NON-CURRENT ASSETS DERIVING FROM CONTRACTS AND OTHER NON-CURRENT ASSETS

The assets deriving from contracts concern the right to consideration in exchange for the goods and services which the Group has transferred to the customer, where the right is dependent on future provisions by the entity.
At 30.06.19, this account concerning non-current assets from contracts amounts to Euro 575,161 and stems from the application of IFRS 15.
Other non-current assets include a guarantee deposit of Euro 250,000 to the parent company Wiit Fin S.r.l. for the rental of property and, for the residual amount, guarantee deposits for various utilities.

5. INVENTORIES

The account does not present balances for the last two years.

6. TRADE RECEIVABLES

The account consists of:

Description	30/06/19	31/12/18	Change
Trade receivables	4,419,474	4,989,504	(570,030)
Doubtful debt provision	(310,355)	(290,133)	(20,222)
Total	**4,109,119**	**4,699,371**	**(590,252)**

No transactions with the obligation to return goods exist (Article 2427, paragraph 1, No. 6-*ter* of the Civil Code).

Balance at 31/12/2018	**(290,133)**
Initial provision companies acquired	0
IFRS 9 Effect	(18,125)
Utilisation in the period	0
Provision in the period	(2,097)
Total balance at 30/06/2019	**(310,355)**

Receivables by region are broken down as follows:

Country	30/06/19	31/12/18	Change
Italy	4,266,508	4,725,965	(459,457)
EU countries	152,966	26,221	126,745
Non-EU countries	0	237,318	(237,318)
Doubtful debt provision	(310,355)	(290,133)	(20,222)
Total	**4,109,119**	**4,699,371**	**(590,252)**

7. TRADE RECEIVABLES FROM GROUP COMPANIES

"Trade receivables from Group companies" due within 12 months amount to Euro 400,244 and concern normal commercial transactions during the period with the parent company Wiit Fin S.r.l. for Euro 356,643 and the associate Commit S.r.l. for Euro 43,601.

9. CURRENT ASSETS FROM CONTRACTS AND OTHER CURRENT ASSETS

Description	30/06/19	31/12/18	Changes
Tax Receivables	2,043,344	823,579	1,219,765
Receivables from others	424,306	580,881	(156,575)
Assets from contracts	299,615	329905	(30,290)
Total	**2,767,265**	**1,734,365**	**1,032,900**

Tax receivables include the IRES receivable for Euro 53,473, arising before participation in the tax consolidation, and receivables from the parent company for the tax consolidation for Euro 1,747 thousand, including the receivable from the Patent Box benefit of previous years. Other receivables mainly concern the interest subsidy and tax receivable for Euro 155,960 and advances to employees.
At 30.06.19, this account concerning current assets from contracts amounts to Euro 299,615 and stems from the application of IFRS 15.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of Euro 19,555,472 at June 30, 2019 comprise Euro 92,876.72 as current account balances and Euro 7,978,750 from investments in securities without liquidation restrictions, in view of the future use in the short-term to support the company's growth plans. These in particular concern investments in a diversified securities fund in order to obtain the best yield.
In addition, following the acquisition of the Adelante Group, the Group deposited on July 18, 2018 an amount of Euro 1.7 million (equivalent to the Base Price balance) in an escrow current account with instructions to release the funds in favour of the Seller as guarantee for the payment of the Base Price balance.

11. SHAREHOLDERS' EQUITY

The share capital comprises 2,652,066 shares without nominal value.

At June 30, 2019, the shares in circulation therefore numbered 2,652,066.

At June 30, 2019, Wiit S.p.A. holds 68,944 treasury shares (2.6% of the share capital), recognised to the financial statements for a total amount of Euro 3,485,918.
In compliance with International Financial Reporting Standards (IFRS), this amount was recognised as a reduction of shareholders' equity.

The Group share capital is comprised as follows (Article 2427, first paragraph, Nos. 17 and 18, Civil Code).

Shares	Number
Ordinary	2,652,066

The Shareholders' Equity accounts are divided by origin, the possibility of utilisation, distribution and any utilisation in the previous three years (Article 2427, first paragraph, No. 7 bis of the Civil Code)

	Share capital	Share premium reserve	Legal reserve	FTA Reserve	Discounting post-employment benefits provision	Other	Retained earnings and losses carried forward	Translation reserve	Net result	Total Shareholders' Equity
BALANCE AT 31/12/16	**2,072,039**	**303,625**	**408,675**	**(101,168)**	**(119,873)**	**1,006,748**	**24,671**	**5,904**	**910,904**	**4,511,526**
Allocation of 2016 result										
Legal reserve			5,733						(5,733)	0
Dividends paid						(321,938)			(578,062)	(900,000)
Carried forward							304,735		(327,109)	(22,374)
Maturation Performance Shares	28,664					(28,664)				0
Performance Shares Reserve						393,611				393,611
Translation reserve								(56,779)		(56,779)
Other movements										0
Acquisition of treasury shares						(320,144)				(320,144)
Share capital increase for the issue of shares	330,010									330,010
Conversion bond loans	135,361					(307,085)				(171,724)
Share premium reserve		18,945,079								18,945,079
AIM listing costs						(1,090,259)				(1,090,259)
Comprehensive income statement at 31/12/2017					(1,268)				3,137,084	3,135,817
BALANCE AT 31/12/2017	**2,566,074**	**19,248,704**	**414,408**	**(101,168)**	**(121,141)**	**(667,730)**	**329,407**	**(50,875)**	**3,137,084**	**24,754,763**
Allocation of 2017 result										
Legal reserve			98,806						(98,806)	0
Dividends paid									(2,126,277)	(2,126,277)
Carried forward							912,001		(912,001)	0
Maturation Performance Shares	28,665					(28,665)				0
Performance Shares Reserve						141,299				14,299
Translation reserve								5,557		5,557
Other movements										0
Acquisition of treasury shares						(2,411,104)				(2,961,864)
FTA IFRS15 Reserve						(1,269,295)				(1,269,295)
FTA IFRS16 Reserve						43,979				43,979
FTA IFRS9 Reserve						(11,955)				(11,955)
Share premium reserve										0
										0
Comprehensive income statement at 30/06/2018					(13,158)				1,383,403	1,370,245
BALANCE AT 30/06/2018	**2,652,066**	**19,248,704**	**513,214**	**(101,168)**	**(34,299)**	**(4,203,471)**	**1,241,408**	**45,318**	**1,383,403**	**20,497,213**

Allocation of 2017 result										
Legal reserve										
Dividends paid										0
Carried forward										0
										0
Maturation Performance Shares	57,237					(57,237)				0
Performance Shares Reserve						141,298				141,298
										0
Translation reserve								59,016		59,016
										0
Other movements										0
Acquisition of treasury shares						(550,760)				(550,760)
FTA IFRS15 Reserve										0
FTA IFRS16 Reserve										0
FTA IFRS9 Reserve										0
Share premium reserve										0
										0
Comprehensive income statement at 31/12/2018					(16,244)				2,112,937	2,096,693
BALANCE AT 31/12/2018	**2,652,066**	**19,248,704**	**513,214**	**(101,168)**	**(150,543)**	**(4,670,260)**	**1,241,408**	**13,698**	**3,496,340**	**22,243,459**
Allocation of 2017 result										
Legal reserve			17,199						(17,199)	0
Dividends paid									(2,328,575)	(2,328,575)
Carried forward							1,150,566		(1,150,566)	0
										0
Translation reserve						35		36,759		36,794
										0
										0
Other movements						12,698	(12,698)			0
Acquisition of treasury shares						(203,910)				(203,910)
										0
Comprehensive income statement at 30/06/2019					(59,952)				2,822,950	2,762,998
BALANCE AT 30/06/2019	**2,652,066**	**19,248,704**	**530,413**	**(101,168)**	**(210,495)**	**(4,861,437)**	**2,379,277**	**50,457**	**2,822,950**	**22,510,767**

The other reserves include the amount of Euro 939,278 in relation to IFRS 2, concerning the assigning of units under the "Performance Share 2016-2018" plan calculated on the basis of the assigned units. The fair value of the shares was calculated by an independent expert and documented by a fairness opinion. This reserve is distributable.

The amount of Euro 3,485,918, classified to other reserves, concerns the market price of the 68,944 treasury shares which Wiit S.p.A. acquired as part of the treasury share buy-back plan approved by the Shareholders' Meetings of October 18, 2017 and November 30, 2018.
The buy-back plan is for the acquisition of WIIT shares on the MTA, also through specialised intermediaries.

Following the adoption of IFRS 16, together with IFRS 15 and IFRS 9 applying the mixed retrospective method, a negative shareholders' equity reserve existed at January 1, 2018 respectively of Euro 1,269,295 (IFRS 15) and Euro 11,955 (IFRS (9) and positive for Euro 43,979 (IFRS 16).

12. PAYABLES TO OTHER LENDERS

Description	30/06/19	31/12/18	Change
Lease payables	1,961,007	2,023,760	(62,753)
Financial payables	2,671,106	1,899,210	771,896
Total current	**4,632,113**	**3,922,970**	**709,143**
Lease payables	1,548,901	2,751,851	(1,202,950)
Financial payables	6,551,094	2,049,687	4,501,407
Total non-current	**8,099,995**	**4,801,538**	**3,298,456**
Total	**12,732,108**	**8,724,508**	**4,007,600**

The account includes the capital portion of leasing charges falling due on the basis of a valuation with the finance method.
In the payables to other lenders account, the financial payables are indicated of the property lease contracts and vehicle hire contracts recognised following the early application of IFRS 16, for Euro 5,536,921, of which Euro 4,431,807 non-current and Euro 1,105,114 current.
In addition, current financial payables include a non-interest-bearing loan, repayable over the short-term, for Euro 600,000, which Foster obtained from WIIT Fin Srl in May 2018 (previous majority Shareholder).

13. BANK PAYABLES

The bank payables at 30.06.2019 of Euro 12,726,010 include the payable for loans and indicates the effective payable for capital, interest and accessory charges matured and due. The loans are not secured by sureties or other forms of guarantee. The current portion is Euro 4,654,439, while the long-term portion is Euro 8,064,458.

ISSUING ENTITY	Current	Non-Current	Total	Maturity	Interest Rate
INTESA - MEDIOCREDITO	61,111	0	183,333	30/09/2019	EUR3M+2.5%
INTESA SAN PAOLO	501,867	252,347	1,003,742	30/10/2020	FIXED 0.75%
CREDITO VALTELLINESE	665,152	839,893	1,835,386	05/07/2021	FIXED 1.22%
CREDITO VALTELLINESE	503,081	509,399	1,261,676	05/04/2021	FIXED 1.25%
CARIGE	125,673	137,977	325,863	31/07/2021	FIXED 1.30%
INTESA SAN PAOLO	665,169	839,820	1,835,363	14/09/2021	FIXED 0.89%
MONTE DEI PASCHI DI SIENA	400,000	1,000,000	1,600,000	31/12/2022	EUR6M+0.7%
CREDEM	499,151	881,590	1,629,067	08/01/2022	FIXED 0.67%
INTESA SAN PAOLO	986,036	2,850,629	3,836,665	30/04/2023	FIXED 1.05%
CREDEM	247,198	752,802	1,000,000	02/04/2023	FIXED 0.75%
Total	**4,654,439**	**8,064,458**	**12,718,896**		

Euro 7,113 is included in the current portion concerning a current account held by the subsidiary Adelante S.r.l. not included in the list of loans in the table.
At June 30, 2019, no hedging or trading instruments concerning the above loan contracts were in place.

14. OTHER FINANCIAL LIABILITIES

Description	30/06/2019	31/12/2018	Change
Other current payables to third parties	950,000	1,410,000	(460,000)
Other non-current payables to third parties	2,550,000	2,550,000	0
Total	**3,500,000**	**0**	**3,500,000**

Other financial liabilities include the acquisition price of the Adelante Group, which is fixed according to the enterprise value of Adelante of Euro 6.4 million, to which the net financial position (net cash) at the Closing date is added. At the Closing date, the amount of Euro 4 million had been paid, including the net financial position. The residual portion of Euro 3.4 million shall be paid in 4 deferred instalments by June 2022.

In addition to the Base Price and subject to the achievement of the objectives set out in the Adelante Group's industrial plan, which indicates significant earnings growth for each of the years 2018, 2019, 2020 and 2021, the right to the payment of a maximum overall earn-out of approx. Euro 4.4 million shall be recognised. On the basis of the above, it should be noted that as at 31.12.2018 an earn-out of Euro 460 thousand was accrued for the achievement of the 2018 targets, which was paid during the first half of 2019, from which the variation of the current part is shown above.

With reference to the objectives for the financial years 2019, 2020 and 2021, it should be noted that as of the closing date of the half-year report the Directors of the Parent Company do not have elements available to determine and register an earn out.

It should also be noted that the current payables also includes also the last installment of Euro 100 thousand as purchase balance for the Visiant company branch.

15. EMPLOYEE BENEFITS

Description	30/06/2019	31/12/2018	Change
Liabilities at January 1	1,259,294	918,237	341,057
Effect new consolidation scope	0	204,374	(204,374)
Financial expenses	(1,158)	(3,072)	1,914
Service cost	111,132	193,916	(82,784)
Payments made	(63,296)	(110,637)	47,341
Actuarial losses	100,631	56,477	44,154
Total	**1,406,603**	**1,259,295**	**147,308**

The valuation of Post-employment benefits is based on the following assumptions:

Financial assumptions

	30/06/2019	31/12/2018
Discount rate	Euro Composite AA Curve at 31.12.18	Euro Composite AA Curve at 31.12.18
Inflation	1.50%	1.50%

Demographic assumptions

	30/06/2019	31/12/2018
Mortality rate	ISTAT 2017	ISTAT 2017
Personnel turnover	10% per year on all ages	10% per year on all ages
Advances	1.8% per year	1.8% per year
Pensionable age	Minimum access requirements established by the Monti-Fornero reforms	Minimum access requirements established by the Monti-Fornero reforms

16. DEFERRED TAX ASSETS & LIABILITIES

Description	30/06/19	31/12/18	Change
Deferred tax assets	666,869	685,410	(18,541)
Deferred tax liabilities	(214,768)	(214,022)	(746)
Net position	**452,101**	**471,389**	**(19,287)**

The nature of the temporary differences which determine the recognition of deferred tax assets and liabilities and their movements during the year and the previous year are analysed below.

Deferred tax assets in the year	
Total deferred tax assets at 31/12/2018	**685,410**
Temporary differences on goodwill	(2,078)
Temporary differences on IFRS15 standard – H1_2019 effect	(67,629)
Time difference IAS19	22,957
Time difference on amortization	22,900
Differences from scope	3,847
Total deferred tax assets at 30/06/2019	**666,869**
Economic effect in the period	**(18,541)**

17. NON-CURRENT LIABILITIES FROM CONTRACTS

Liabilities from contracts concern the obligation to transfer to customers services for which the Group has received consideration from the customer, called a "lump sum". At 30.06.19, the account concerns liabilities from contracts (long-term portion), consequent to the application of IFRS15 for Euro 1,095,327 regarding the parent company WIIT.

18. TAX PAYABLES

This account amounts to Euro 500,837 and includes the employee and professional IRPEF payments for Euro 200,951, income taxes of the Swiss subsidiary for Euro 139,011, the IRES payable of the subsidiary Adelante to Wiit Fin Srl for the CFN (National Tax Consolidation) for Euro 113,803, and IRES Adelante before participating in the CFN for Euro 37,998, IRAP for Euro 2,438 and income taxes of the subsidiary ICTW for Euro 6,636.

19. TRADE PAYABLES

The breakdown by region of trade payables is as follows:

Description	30/06/19	31/12/18	Change
Italy	3,654,108	3,737,097	(82,989)
EU countries	11,075	36619.65	(25,545)
Non-EU countries	(2,253)	28,386	(30,640)
Total	**3,662,929**	**3,802,103**	**-139,173**

"Trade payables" are recorded net of commercial discounts; cash discounts are recorded on payment.

20. PAYABLES TO GROUP COMPANIES

"Payables to Group companies" due within 12 months amount to Euro 280,586 and concern normal commercial transactions during the period with the parent company Wiit Fin S.r.l. for Euro 279,390 and the associate Commit S.r.l. for Euro 1,196.

21. CURRENT LIABILITIES FROM CONTRACTS AND OTHER CURRENT LIABILITIES

Description	30/06/19	31/12/18	Change
Social sec. institutions	260,224	197,073	63,151
Employee payables	930,141	587,447	342,694
Other current payables	581,398	505,858	75,540
Liabilities from contracts	627,004	765,604	(138,600)
Total	**2,398,767**	**2,055,982**	**342,785**

At 30.06.19, the account concerns liabilities from contracts (short-term portion), consequent to the application of IFRS15 for Euro 627,004 regarding the parent company WIIT.

At the beginning of the second half of 2019, the payables to employees and to social security institutions were settled according to the scheduled payment deadlines.

Main notes to the income statement

22. REVENUES

In the first half of the 2019, revenues amounted to Euro 14,773,805, with an increase of Euro 4,090,965 compared to the first half of the 2018 , of Euro 10,682,840.

Revenues by product line

	H1 2019	%	H1 2018	%
Sale of products	582,020	3.94%	472,108	4.42%
Provision of services	14,166,379	95.89%	9,593,259	89.80%
Other revenues and income	25,406	0.17%	617,473	5.78%
Total	**14,773,805**	**100.00%**	**10,682,840**	**100.00%**

Revenues by region

Description	H1 2019	H1 2018	Change
Italy	14,168,648	10,010,628	4,158,020
EU countries	26,159	26,220	(61)
Non-EU countries	578,998	645,992	(66,994)
Total	**14,773,805**	**10,682,840**	**4,090,965**

Non-EU revenues reflect the contribution of sales from the subsidiary Wiit Swiss SA, which remain in line with 2018.

23. OTHER REVENUES AND INCOME

"Other revenues and income" concern the sale of non-core product and services.

24. SERVICES

Description	H1 2019	H1 2018	Change
Purchase of other services from third parties	3,583,918	753,884	2,830,034
Purchase of Inter-company services	121,414	160,000	(38,586)
Electricity	173,891	147,500	26,391
Connectivity	473,304	415,221	58,083
Rental	47,846	49,618	(1,772)
Acquisition cost of raw materials	1,450,420	1,109,129	341,291
Company car hire	49,115	57,873	(8,758)
Directors	713,288	898,000	(184,712)
Others	491,546	345,169	146,377
Total	**7,104,742**	**3,936,394**	**3,168,348**

The increase in the period in "Purchases and services" during the first quarter of 2018 and the first quarter of 2019 is mainly due to the "Acquisition cost of raw materials" and principally the contribution of hardware sales of the company Adelante Srl.

25. PERSONNEL COSTS

Description	H1 2019	H1 2018	Change
Wages and salaries	1,867,653	1,551,966	315,687
Social security charges	616,031	449,935	166,096
Post-employment benefits	129,545	114,632	14,913
Total	**2,613,229**	**2,116,533**	**496,696**

The average number of Group employees in H1 2019 was 101, compared to 98 in 2018. Research and Development in the period was in line with the previous year.

26. AMORTISATION, DEPRECIATION AND WRITE-DOWNS

Amortisation and depreciation have been calculated based on the duration of the useful life of the asset or its use in production.
The account includes amortisation and depreciation of Euro 2,900,747 and a Doubtful debt provision for Euro 20,222.

27. OTHER OPERATING COSTS

"Other operating costs" of Euro 172,095 include residual costs, including banking expenses, charitable donations, penalties and sanctions etc.

28. WRITE-DOWN OF EQUITY INVESTMENTS

During the year, no investments were written down.

29. FINANCIAL INCOME

The financial income indicated comprises interest income from current accounts and from securities among financial assets.

30. FINANCIAL EXPENSES

	H1 2019	H1 2018	Change
Bank interest	49,355	46,594	2,761
Interest expenses on leasing	56,089	50,277	5,812
Other financial expenses	22,992	218,053	(195,061)
Total	**128,436**	**314,924**	**(186,488)**

In the first half of 2018, other charges mainly included the losses on securities concerning the investment in liquid securities. In the first half of 2019, a turnaround was reported with the securities generating profits.

31. EXCHANGE GAINS AND LOSSES

During the first half of 2019, the company realised net exchange losses of Euro 10,591, mainly arising following fluctuations in the US Dollar and the Swiss Franc against the US Dollar and the Euro.

32. INCOME TAXES

	H1 2019	H1 2018	Change
Current taxes	809,300	(329,264)	480,036
Deferred tax income & charges	(37,651)	(40,967)	(78,618)
Total	**771,649**	**(370,231)**	**401,418**

Current income taxes include the Patent Box IRES benefit for Euro 920,476 (Wiit Spa) and the benefit for IRAP of Euro 104,636.
IRES for Euro 115,821 (Adelante Srl) for Euro 18,034 (Foster Srl) - IRAP for Euro 42,457 (Adelante Srl) for Euro 2,659 (Foster Srl)
WIIT Swiss income taxes for Euro 36,163, with the residual portion of the amount concerning ICTW taxes.

33. INFORMATION ON FINANCIAL RISKS

Categories of financial instruments

As per IFRS 7, the breakdown of financial instruments among the various categories of IAS 39 is reported below.

	30/06/19 Consolidated	31/12/18 Consolidated
Financial assets		
Cash and cash equivalents	19,555,472	17,930,106
Trade receivables	4,109,119	4,699,370
Current financial assets	156	0
Financial liabilities		
Loans	25,458,117	18,686,870
Other financial liabilities	3,500,000	3,960,000
Trade payables	3,662,929	3,802,103

Financial liabilities by due date at June 30, 2019 are reported below:

At June 30, 2019	Carrying amount	Contractual cash flows	Within 1 year	From 1 to 5 years	After 5 years
Bank loans	12,718,896	12,887,965	4,688,954	8,199,011	0
Finance leases	3,509,907	3,509,907	1,961,007	1,548,900	0
Trade payables	3,662,929	3,662,929	3,662,929	0	0
Other financial liabilities	3,500,000	3,500,000	950,000	2,550,000	0
Total	**23,391,733**	**23,560,802**	**11,262,890**	**12,297,911**	**0**

The company is exposed to financial risks relating to its operating activities and mainly:
- to credit risk, with particular regards to ordinary commercial transactions with customers;
- to market risk, concerning the volatility of interest rates;
- to liquidity risk, which may arise due to the incapacity to source the funding necessary to guarantee company operations.

The company has not undertaken derivative instrument transactions.

Credit risk management

Credit risk is defined as the probable financial loss generated by the non-fulfilment by third parties of a payment obligation to the company.
The company does not have significant concentrations of credit risk, also due to the fact that it does not significantly deal with, as a strategic choice, the public sector.
The company manages this risk through choosing counterparties considered as solvent by the market and with a high credit rating, or through providing highly critical services which may not be interrupted by its customers.
For commercial purposes, policies have been adopted to ensure the solvency of customers and limit the exposure to the credit risk of an individual customer through evaluation and monitoring.
All receivables are periodically subject to an assessment by customer type, with write-downs made where impairments are identified.
The breakdown of trade receivables is provided in the Explanatory Notes.

Exchange rate risk management

Exchange rate risk is defined as the risk of the value of a financial instrument changes following exchange rate movements. As operations are mainly in the "Eurozone", exposure to exchange rates risks deriving from operations in currencies other than the functional currency (Euro) is limited.

Interest rate risk management

The management of the interest rate risk has the objective to ensure a balanced debt structure, minimising interest costs over time.
Interest rate risk concerns that affecting the value of a financial instrument on the basis of market interest rate fluctuations.
The company over the years has almost exclusively contracted medium-term loans at a variable rate linked to the Euribor at 3 months and fixed rate loans.
The breakdown of existing loans is reported in the Explanatory Notes.

Sensitivity analysis
With reference to floating-rate financial assets and liabilities as at 30 June 2019, an hypothetical increase (decrease) of interest rates of 100 basis points compared to the actual interest rates, in a situation of constancy of other variables, it would result an increase in financial charges of around Euro 46 thousand.

Liquidity risk management

Liquidity risk is defined as the risk that the Group encounters difficulties in sourcing the funds necessary to satisfy the obligations related to financial liabilities.
Prudent management of liquidity risk is pursued by monitoring the cash flows, financial needs and the liquidity of the company, so as to ensure the proper management of financial resources through appropriately allocating any excess or on demand liquidity and the undertaking of adequate lines of credit.

Subsequent events

On July 4, 2019, the notary deed for the acquisition of Matika S.p.A. was signed. The agreements stipulate the initial acquisition of a 60% majority holding in MATIKA for consideration of approx. Euro 6.1 million (calculated based on an Enterprise Value of Euro 8.5 million, using multiples based on historic and forecast data of the company, and the majority premium recognised to the sellers), to which 60% of the net financial position at the execution date shall be added (expected to be positive).

For the acquisition of the residual 40% put and call options are stipulated, to which variable price components are linked ("earn out"), subject to the achievement of set MATIKA earnings objectives.

The acquisition contract stipulates that WIIT acquires 60% of the share capital of MATIKA against cash consideration of approx. Euro 6.1 million, to which the 60% of the net financial position of MATIKA (expected to be positive) at the acquisition execution date will be added. The closing for the acquisition of the 60% is forecast for July 2019.

The acquisition of the remaining portion of MATIKA's share capital by WIIT may be undertaken through the exercise of the put options (arising for the sellers) and call options (for WIIT) which shall permit (i) the acquisition of an additional 20% of MATIKA from the approval of the 2020 Annual Accounts and (ii) the acquisition of the final 20% of MATIKA from the approval of the 2021 Annual Accounts.

The exercise price of each option comprises a fixed component of approx. Euro 1.2 million, to which the 20% of the net financial position of MATIKA at the acquisition's execution date shall be added. Further to this fixed component, subject to the achievement of the specific 2019-2021 business plan objectives of MATIKA, the sellers may mature the right to the payment of a variable maximum overall price component for the acquisition of the residual 40% of approx. Euro 4 million, on the basis of MATIKA's EBITDA, and an additional variable maximum overall price component of Euro 1.5 million, on the basis of the increased revenues from the commercial synergies between Wiit and Matika.

The payment of the consideration for the acquisition of the initial 60% shall be in cash, drawing on WIIT's available liquidity. The payment of the consideration for the acquisition of the investments from the exercise of the options shall be 50% in cash with the residual 50%, at the choice of WIIT, in cash and/or through the allocation of WIIT shares (with a 12-month lock-up restriction).

The contract in addition provides for the release by the sellers of declarations and guarantees with related indemnity commitments, guaranteed by the possibility for WIIT of offsetting with the consideration of the options and, once the options are exercised, by issuing bank guarantees.

The sellers, in order to ensure the going concern of the business, shall remain involved in the management of MATIKA, with Stefano Dario as chief executive officer with powers of ordinary administration.

A shareholder's agreement was also signed between the sellers and WIIT covering MATIKA's corporate governance, with the establishment (subject to the control of WIIT) of certain veto rights for the sellers and of limits on the transfer of shares held, including a non-transferability commitment on MATIKA shares (lock-up) for 3 years and co-sale rights and obligations (tag-along and drag-along).

Milan, 12/09/2019

For the Board of Directors
The Chairman
(Riccardo Mazzanti)

Statement of the Executive Officer for Financial Reporting in accordance with article 154-bis, paragraph 2 of Legislative Decree No. 58/1998 (CFA)

The Executive Responsible for Financial Reporting declares in accordance with Article 154-bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present Consolidated half-year report at June 30, 2019 corresponds to the underlying accounting documents, records and entries.

Milan, 12/09/2019

Chief Financial Officer
(Stefano Pasotto)