



ANNUAL REPORT 2019

Director's Report

Company:	Wiiit S.p.A.
Registered office:	20121 - Milan, Via dei Mercanti No.12
Tax and VAT No.:	01615150214
Share Capital:	Euro 2,652,066.00 fully paid-in
Milan Companies Registration Office	No. 01615150214
R.E.A. No.	1654427
Number of shares	2,652,066

Letter to the shareholders

Dear Shareholders,

Results in 2019 once again remained in line with our ambitious expectations and those of the financial community, confirming the reliability of the Group and the validity of our strategy. Revenues reached nearly Euro 34 million (Euro 25.2 million in 2018, +34.4%), driven by both organic growth in a constantly expanding cloud services market and the implementation of our acquisition-led growth strategy.

Consolidated adjusted EBITDA was Euro 13.2 million (Euro 10.4 million in 2018, +26.7%), amounting to 38.9% of revenues, and net profit increased 73.9%.

In 2019, we not only achieved great operating results, but also continued to demonstrate our ability to execute our acquisition-led growth strategy. It was in the second half of the year that the WIIT Group expanded through the acquisitions of Matika S.r.l., Etaeria S.r.l. and the business owned by Aedera S.r.l.

The pro-forma figures indicate, in particular, the effectiveness of our acquisition-led growth strategy and the capacity to integrate the acquired companies. Thanks to synergies and a focus on higher added-value services, margins rose from 33.5% in 2018 on pro-forma basis to a pro-forma 36.6% in 2019.

In recent weeks, the general visibility for 2020 reduced due to the COVID-19 emergency. Despite the major uncertainties and fears in terms of the social and economic repercussions of the health emergency, WIIT - thanks to its business model based on long-term orders and recurring revenues, does not expect significant impacts on business levels, which may emerge only where this contingent situation extends beyond the first half of the year, whereby an impact may be felt in terms of sales.

Despite the above – and indeed even more so at a difficult time for our country – our task remains that of taking the long view and imagining the Wiit of tomorrow: bigger, more innovative and with a greater international focus – a company that can be an example to its industry.

Today, our mission is proving to be of strategic importance for our country and for all companies that require modern production models based on technologies and processes capable of minimising the impacts of the lockdown, by embracing the cloud and integrated remote working solutions, increasing the efficiency of production processes, enabling flexibility and speed of change and ensuring the protection and security of company data – data that represents an increasingly important business asset – through our cloud and cyber-security solutions.

We have been aided in our constant efforts to imagine the future by the preparation of our first Sustainability Report, the drafting of which required the active involvement of all our major stakeholders, clients, suppliers and investors, who helped us identify the “issues that matter,” which we will keep firmly in mind in our sustainable growth strategy.

Great challenges and many exciting opportunities await us in the coming months, and I am pleased to be able to tackle them together with a team of exceptional individuals, to all of whom I extend my gratitude, and who during this emergency have shown their professionalism, solidarity, team spirit and all the energy required to achieve great new milestones.

Yours Faithfully

The Chairman
(Riccardo Mazzanti)



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Profile

WIIT S.p.A. leads a Cloud Computing Group with a key focus on the provision of IT infrastructure tailored to the specific needs of customers (mainly through the “Managed Hosted Private Cloud” and “Hybrid Cloud”) and the provision of infrastructure configuration, management and control services which guarantee uninterrupted functionality and availability.

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).

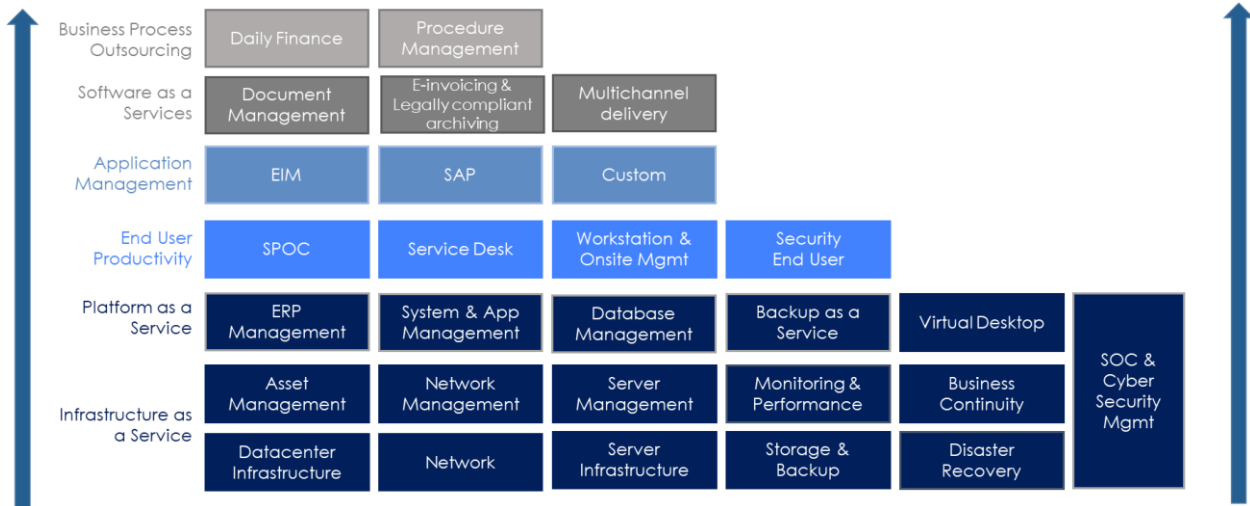
The company operates through two owned Data Centers, with the main Milan center TIER IV certified (maximum reliability level) by the Uptime Institute.

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/tier-certification/construction>)

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 20000:2011 standard, while its organisation is ISO 9001:2015 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 27001:2013 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 approach 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 has obtained many SAP Outsourcing Operation certifications (https://www.sap.com/dmc/exp/2018_Partner_Guide/#/partners).

To date it has achieved the following certifications:

- SAP Applications Operations
- SAP Business Process Outsourcing Services
- SAP Cloud and Infrastructure Operations
- SAP DevOps
- SAP HANA Operations
- SAP Hosting Operations

Corporate Boards

BOARD OF DIRECTORS

Chairman & Executive Director	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
Alternate Auditor	Guido Giovando
Alternate Auditor	Fabrizia Pecunia

SUPERVISORY AND CONTROL BOARD

Chairman of the Supervisory and Control Board	Dario Albarello
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INDEPENDENT AUDIT FIRM	Deloitte & Touche S.p.A.
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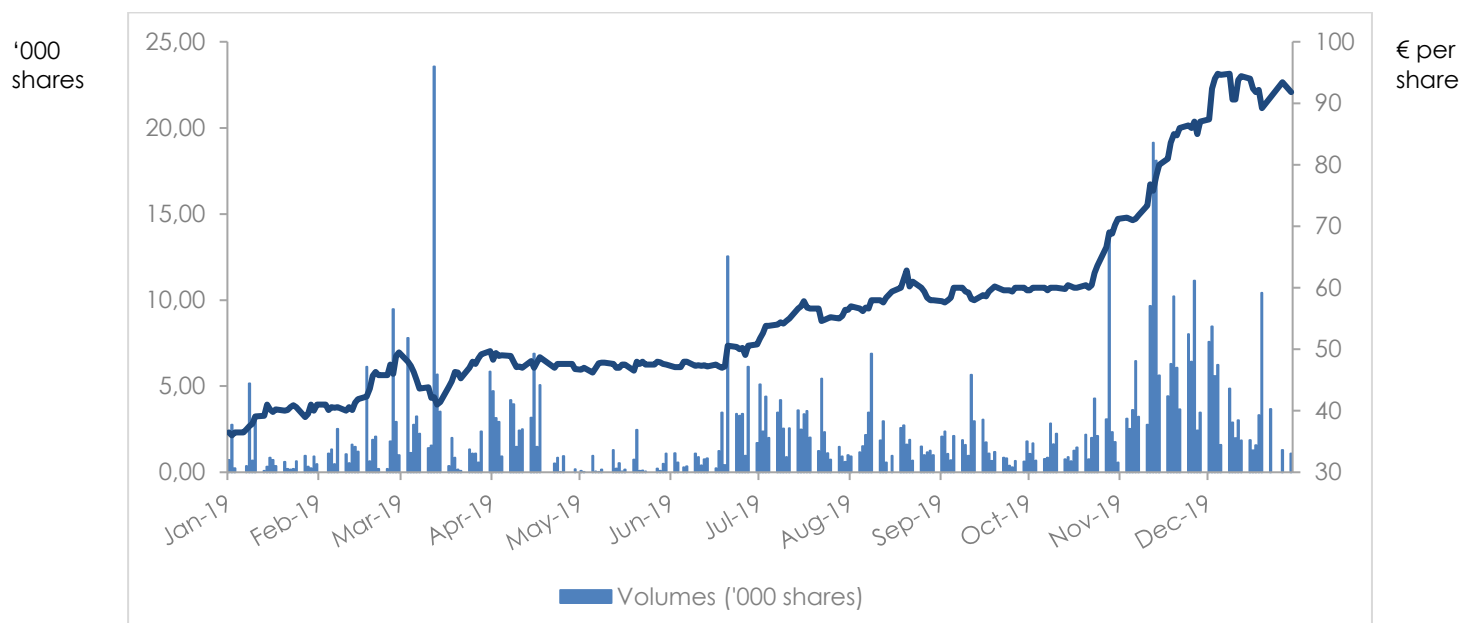
Governance and significant events

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 - 1.01.2019 – 31.12.2019



- Source Bloomberg

Patent Box

In April 2019, the parent company WIIT S.p.A. signed a preliminary agreement with the Tax Agency for the application of the “Patent Box” tax break for the five-year period 2015-2019. In December, the Company received the renewal application for the five-year period 2020-2024.

The Patent Box is a tax relief scheme that 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 is fully reflected in the 2019 results and has been quantified in preparing the financial statements.

Matika acquisition

In June, the preliminary sales contract of the company Matika S.p.A. was signed, completed through notary deed of July 4, 2019. The agreements provide for the initial acquisition of a majority holding of 60% in the share capital of MATIKA.

The consideration for the acquisition of the 60% interest was approx. Euro 6.1 million, in addition to 60% of the net financial position of MATIKA at the acquisition execution date, bringing the total consideration for the 60% interest to Euro 7.3 million.

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. On the basis of the information currently available, the value of the put and call option recognised among financial liabilities has been determined as Euro 7.1 million.

The consideration for the acquisition of the initial 60% was paid in cash. The payment of the consideration for the residual 40% 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).

Etaeria and Aedera acquisitions

On December 20, 2019, WIIT S.p.A. signed agreements for the gradual acquisition of 100% of the share capital of Etaeria S.r.l. ("Etaeria"), a Kelyan Group company providing cloud and cyber security services, in addition to the acquisition of the Aedera S.r.l. (Kelyan Group) business unit, provider of IT services and solutions for the digitalisation of companies in SAAS mode (the "Aedera Business").

The agreements stipulate the initial acquisition of a 60% majority holding in Etaeria for consideration of approx. Euro 3.5 million, in addition to the variable price component subject to the achievement of the 2019 full-year earnings objectives. The acquisition of the Etaeria shares also involves the payment of an advance for the acquisition of the residual 40%, for which put and call options are stipulated, to which variable price components are linked ("earn out"), subject to the achievement of set Etaeria earnings objectives.

In relation to the Aedera business unit, the estimated consideration on closing amounted to approx. Euro 1.4 million, in addition to the variable price component (earn out) for approx. Euro 0.9 million, subject to the achievement of the result objectives by the Aedera business unit in the 2019-2022 period.

Etaeria was founded in 2016 to provide managed security and infrastructural cloud computing services to Italian SMEs and channel partners. With a workforce of over 40 highly-specialised personnel, it has a portfolio that includes over 80 medium-large top customers that following the transaction will be directly managed by WIIT, with the others to be managed through the other commercial channels.

Aedera was created in 2016 by a group of professionals with thirty years' experience in document management in order to develop a proprietary technological platform and innovative services to manage unstructured document processes and other electronic document processes provided as SAAS.

The transaction closed in January 2020.

The acquisition of the remaining portion of Etaeria's share capital by WIIT may be undertaken through the exercise of the put options (arising for the seller) and call options (for WIIT) which shall permit (i) the acquisition of an additional 20% of Etaeria from the approval of the 2020 Annual Accounts and (ii) the acquisition of the final 20% of Etaeria from the approval of the 2021 Annual Accounts. The exercise price of each option comprises a fixed component of approx. Euro 1.3 million (less the relevant share of debt at the time). Further to this fixed component, subject to the achievement of the specific Etaeria result objectives for financial years 2020, 2021 and 2022, the sellers may mature the right to the payment of a variable maximum overall price component of approx. Euro 2.2 million.

The contract in addition provides for the release by the seller of declarations and guarantees both regarding Etaeria and the Aedera Business, with related indemnity commitments, guaranteed by the option for WIIT of offsetting with the consideration of the options and subsequently by issuing a bank guarantee.

In order to ensure the company's going concern, it is scheduled that some managers shall sign management contracts for the operating management of Etaeria and of the Aedera Business.

A shareholder's agreement was also signed between the seller and WIIT covering Etaeria's corporate governance and ownership structure, with the establishment (subject to the control of WIIT) of certain veto rights for the seller and of limits on the transfer of investments held.

The acquisition of Etaeria and the Aedera Business is clearly part of "National" development and benefits from the following features:

- the close link with the Group in terms of business model revenues, based on "Hybrid Cloud" infrastructure and infrastructural managed services;
- the highly developed managerial and technical level of the organisation;
- scope, cost and revenue synergies over the medium-term;
- the coverage of a geographical area rich in opportunities in general and specifically for the WIIT Group's offer;
- the loyal and high-profile customer portfolio with further expansion possibilities both in terms of new customers and services offered.



Strategizing the right timing that fits your customer's needs to maximize sales. The right timing is crucial for success in any business. At the same time, it will also show you how you're going through networking, advertising etc.

Putting your strategy into action is how you're going to maximize sales. The right timing is crucial for success in any business. At the same time, it will also show you how you're going through networking, advertising etc.



DIRECTORS' REPORT

Dear Shareholders,

The net profit attributable to the Group in 2019 was Euro 5,008 thousand (Euro 3,345 thousand in 2018), after amortisation and depreciation of Euro 6,903 thousand, financial expenses of Euro 439 thousand and tax income of Euro 258 thousand generated by patent box income of Euro 1,015 thousand. These results are fully satisfactory and in line with expectations.

Operating conditions and developments

The Group offers Cloud and IT Outsourcing services for critical applications. The offering comprises long-term, ongoing services of:

- Hosted Private Cloud, for companies wishing to utilise Cloud services provided by Outsourcing Data Centers; and
- Hybrid Cloud, for companies wishing to use a hybrid infrastructure model. This may be a Private Cloud (within the company), a Hosted Private Cloud (a data center outside the company using infrastructure that is largely bespoke and personalised), or a Public Cloud (a data center outside the company using standard, shared infrastructure).

The Group also offers additional Cyber Security solutions.

A generally high level of efficiency and existing long-term contracts allow WIIT to approach 2020 with a competitive offering and expectations for organic growth.

The sector in which the company operates shows signs of growth which, along with a greater ability to acquire and maintain customers, to continue to capitalise on numerous organic growth opportunities and assess acquisition-led growth opportunities, make us confident in predicting strong results for 2020.

In accordance with article 2428, it is disclosed that business is conducted at the locations in via dei Mercanti 12 and via Muzio Attendolo 7, Milan, and the secondary locations in Via Ercolano Salvi 12, Rome, and Piazza della Serenissima 20, Castelfranco Veneto (VT), for the consolidating entity, as well at locations in Via S. Pertini 7, Bagno a Ripoli, and Torre Drin, Via Abdi Toptani, Tirana, for Adelante Srl and ICTW respectively, and at the location of Matika S.p.A. in Via Arnaldo Fusinato 8, 36100, Vicenza.

In July 2016 the consolidating company established a subsidiary in Switzerland, which began ongoing operations both in Switzerland and in the USA (Florida).

Economic overview

International trade continued to fall and global growth to weaken. Significant risks continued to be associated with trade tensions, the slowdown of the Chinese economy and the uncertainty regarding the timing and conditions of United Kingdom's withdrawal from the European Union. Global financial conditions have become highly expansionary; the greater uncertainty regarding growth prospects and very accommodating stance taken by central banks have translated into a sharp decline in long-term yields.

In the Eurozone, there has been a particularly sharp decline in German industry, which is especially vulnerable to global trade, although the weakness extends to all sectors and countries. There is growing risk that the unfavourable phase of the cycle will give rise to a prolonged decline in the level of inflation expected by the financial markets, businesses and households. The ECB's Governing Council confirmed its views of previous months, adopting a broad package of expansionary measures that met with general consent, albeit with varying assessments of individual instruments. The Bank of Italy's analyses confirm that the measures taken are necessary and appropriate to combat the cyclical risks and weak price outlook.

In Italy, economic activity increased marginally in the second quarter. In light of the information available, it may have remained essentially stable in the third quarter, affected above all – in Italy as well – by the weakness of manufacturing, alongside slightly positive growth of services and a modest recovery of construction. There is still a risk that the unfavourable performance of industry may be transmitted to other sectors of the economy.

However, in the second quarter investments in capital goods increased, due in part to the reintroduction of the tax incentives in effect since April. In the surveys conducted by the Bank of Italy in September, companies reported slightly more expansive investment plans, with a modest improvement in their views of the conditions for investing, the economic situation and the performance of demand for their products.

Exports continued to rise in the second quarter, despite the decline in global trade. The current account surplus expanded further, reaching 2.8% of GDP. However, international sales went on to fall in the following months. The new tariffs on the European Union announced by the U.S. administration will concern a relatively limited share of Italian exports to the United States, but the indirect effects could be significant.

The cyclical weakness continues to compress price dynamics and inflation expectations. In the third quarter inflation was 0.3%, slowed above all by the falling prices of energy products, with the fundamental component at 0.5%. The surveys conducted by the Bank of Italy indicate that companies' expectations of price performance remain weak, well below 2%.

The decline in sovereign yields drove a significant decline in the cost of wholesale bank funding, which dropped to the levels of early 2018, as well as in corporate bond yields. The borrowing costs of companies and households fell slightly.

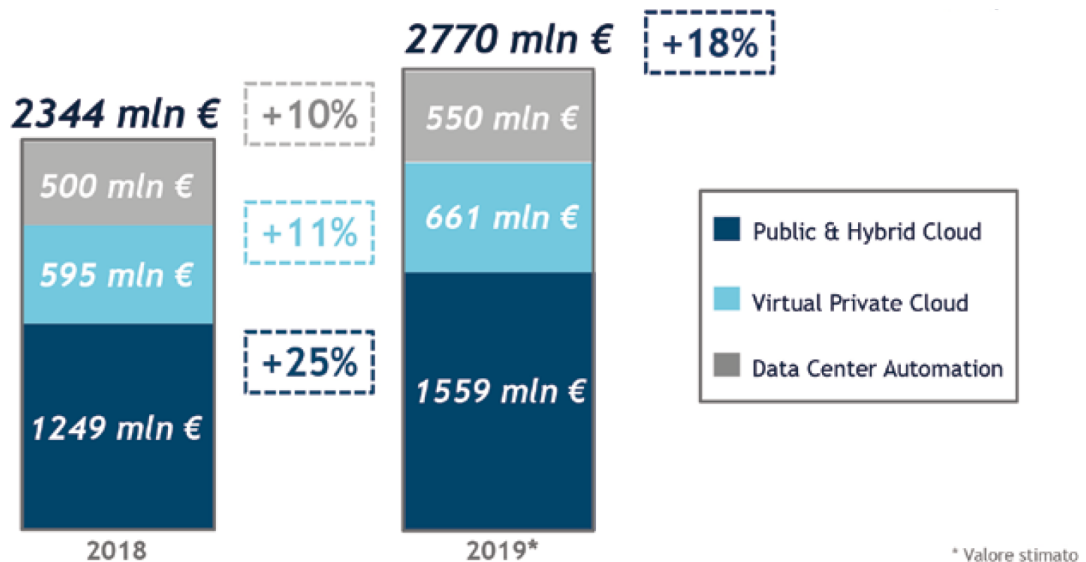
The information is drawn from *Economic Bulletin No. 4 – 2019* published by the Bank of Italy.

Demand and macro-market development

The Group's main market is ICT services, and specifically cloud computing.

In drafting this paragraph, the Parent Company, Wiit S.p.A., drew on information taken primarily from the report by Assiform entitled “Digital in Italy – 2018 Markets, Trends and Policies”. Some observations have been drawn from the October 2019 Polytechnic Monitoring Centre entitled “Cloud Transformation Monitoring Centre – Cloud Transformation: The Missing Elements”.

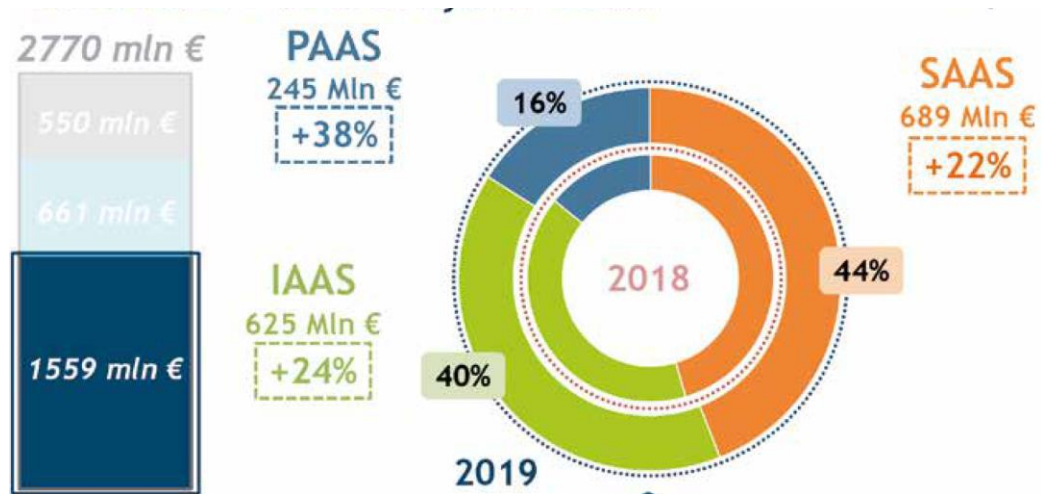
The cloud market is experiencing a period of profound change, driven by the increasing perception of its role as gateway to emerging trends in technology, the approaches being taken by corporate users to develop and migrate their IT systems and the corresponding shift in the range of services offered by participants in the digital marketplace.



Graph 1- The cloud in Italy. Source: 2019 Polytechnic Monitoring Centre Cloud Report

At the end of 2019 the cloud computing market, inclusive of expenditures on implementing private architectures, was up by 18.0% to over Euro 2,770 million. Growth was driven by investments, now rolled out across all companies.

The swiftest growth was in public cloud and hybrid services (+25% on 2018).



Graph 2 - Breakdown of cloud services. Source: 2019 Polytechnic Monitoring Centre Cloud Report

SaaS (software as a service) was the most common type of service used, often acting as a springboard to broader cloud strategies, accounting for approx. 44% of the total by market value in 2019.

The impact of SaaS is significant across all sectors and in relation to strategic app fields (Office Automation and Collaboration), which lead the way in adopting Cloud app services. The use of SaaS also seems to be growing in comparison with solutions that meet specific needs (CRM, Business Intelligence/Business Analytics, HR Management) or needs related to the main digital platforms (Mobile, IoT).

In this case, the most active companies are found in the Industrial, Telecommunications, Distribution and Service sectors. In the immediate future, SaaS will increasingly be used by industrial companies for the most fundamental company applications, for example ERP and management systems, thanks to dwindling fears about the storage of management data on external infrastructures. The adoption of SaaS for ERP and management systems also allows these to be tailor-made and parametrised, a requirement that is particularly important for companies developing front-end platform components. Some obstacles still remain, however. Among the most pressing is the only partial availability of broadband Internet connection, a problem that particularly affects manufacturers located away from large urban centres.

It was followed closely (40%) by the adoption of IaaS services, which most frequently involve the purchase of computational capacity - to deal with any spikes in work or development and testing activity - and the use of storage and archiving/back-up functionality, not solely for disaster recovery but also to enable data gathering and analysis, for example of IoT related data. The penetration of IaaS services seems particularly significant today among companies in the Utility, Distribution and Service sectors, and is expected to grow in industrial and financial entities.

Cloud Computing Market in Italy, 2015-2020E

Source: NetConsulting cube, 2018

IN EURO MILLIONS	2015	2016	2017	2018E	2019E	2020E	16/15	17/16	18E/17E	19E/18E	20E/19E
Public Cloud	275.0	366.6	483.9	624.2	799.0	1,041.5	33.3%	32.0%	29.0%	20.8%	30.4%
Hybrid Cloud	556.7	702.8	886.6	1,108.1	1,376.9	1,659.9	26.2%	26.1%	25.0%	24.3%	20.6%
Virtual Private Cloud	396.1	440.3	491.3	549.4	608.4	664.9	11.2%	11.6%	11.8%	10.7%	9.3%
Private Cloud	269.9	310.0	352.5	394.0	439.0	485.0	14.9%	13.7%	11.8%	11.4%	10.5%
TOTAL	1,497.7	1,819.7	2,214.3	2,675.7	3,223.3	3,851.4	21.5%	21.7%	20.8%	20.5%	19.5%

Cloud Computing Market in Italy by sector, 2015-2020E

Source: NetConsulting cube, 2018

IN EURO MILLIONS	2015	2016	2017	2018E	2019E	2020E	16/15	17/16	18E/17E	19E/18E	20E/19E
Industry	312.3	384.8	479.8	598.2	742.2	905.3	23.2%	24.7%	24.7%	24.1%	21.9%
Banks	139.8	173.8	215.6	265.9	326.5	397.1	24.3%	24.1%	23.3%	22.8%	21.6%
Insurance and Finance	47.7	59.4	73.7	91.1	112.2	136.8	24.5%	24.1%	23.6%	23.2%	21.9%
PAC	94.8	112.7	134.3	158.9	187.1	218.2	18.9%	19.2%	18.3%	17.7%	16.7%
Defense	33.3	40.3	48.8	58.8	70.4	83.5	20.9%	21.1%	20.5%	19.7%	18.6%
Local bodies	83.0	98.4	116.4	136.9	160.8	187.2	18.6%	18.3%	17.6%	17.5%	16.5%
Health	51.1	62.6	76.5	92.9	112.3	134.4	22.5%	22.2%	21.4%	20.9%	19.7%
Utilities	103.7	128.9	161.1	200.5	248.5	307.3	24.3%	25.0%	24.5%	23.9%	23.6%
Telecommunications & Media	97.9	121.2	148.6	174.5	203.0	236.3	23.8%	22.6%	17.4%	16.4%	16.5%
Distribution and Services	183.4	228.0	283.1	350.8	432.9	530.9	24.3%	24.2%	23.9%	23.4%	22.6%
Travel & Transportation	80.8	99.6	123.9	153.2	188.4	229.4	23.2%	24.4%	23.6%	23.0%	21.8%
TOTAL	1,227.8	1,509.7	1,861.8	2,281.7	#####	3,366.4	23.0%	23.3%	22.6%	22.0%	20.9%

According to data gathered by the Monitoring Unit at the Polytechnic University of Milan (which interviewed 199 large enterprises and 518 small and medium-sized enterprises), three out of four companies view the Cloud as an ally, as a key source of innovation that would otherwise be too difficult to achieve internally for reasons of time, cost and expertise. Innovation, however, is not the only consideration: ability to react to change was also cited. 74% of the companies believed that the Cloud increased company agility. This means guaranteeing a technological layer that is constantly updated and in step with market rhythms, which effectively supports the development and rapid launch of new services, and which allows businesses to focus not on technical-operative management, but on their functional business priorities. 59% of the companies, in fact, identified the Cloud as a tool which allowed IT to better fulfil their business demands, and 57% of responses cited it as a contributing factor in transformation.

Recent years have seen a transformation in business IT systems, one in which the Cloud has evolved from a tool used only for specific processes, to a fundamental part of IT strategy.

The Monitoring Unit at the Polytechnic University also reports that one out of two companies use Hybrid and Virtual Private Cloud services.

Marketing Communication & Brand Positioning

The Company's marketing strategy strengthened investments around creating awareness of the WIIT brand and developing new business opportunities, working through both online and offline channels. In terms of brand management, the Company rolled out multichannel advertising campaigns to reach the decision-makers at WIIT's target clients. For example, the Company advertises on the walls of the domestic and European departures area at Milan Linate airport, on the LCD screens across Milan Linate and Milan Malpensa airports, and has a presence and communicates on the main business-oriented social media platforms such as LinkedIn, Twitter, and Youtube. The public relations department and press office have also supported brand management through articles and editorials in both general newspapers and specialised journals.

Lead generation campaigns (designed to identify users with a potential interest in purchasing WIIT services) have been supported by surveys and polls aimed at the chief information officers and chief financial officers of potential clients. These have improved client relationship management and supported the sales department in creating new opportunities.

The Inbound Marketing project launched in the previous year was confirmed and expanded in 2019. The project involves creating digital content matching the interests of current and potential clients to attract new clients to the Company's services. Specifically, this project led to the creation of WIIT Magazine, a core section of the company website, whose content appears also on company's social media channels. The project describes WIIT best practices so as to enhance and develop the understanding and knowledge of Italian senior managers of the Cloud's applications for business strategy.

The visibility of WIIT Magazine and of WIIT services is further boosted by a Google AdWords campaign based on key words related to the Cloud, as well as landing pages and banners on portals of interest to clients. All company marketing activity is traced and managed within the company's CRM.

WIIT creates awareness of its Cloud services for critical applications through its annual participation at SAP Now, the leading SAP event for clients and potential clients.

As a partner and active member of the Cloud Monitoring Unit at the Polytechnic University of Milan, we can shape the understanding in Italy of the key factors driving technological innovation. The Monitoring Unit is, on the one hand, a close observer of the take-up of the Cloud in supporting innovation, and on the other hand advises operators in the sector, suggesting points for reflection and innovation in developing services through committees and work groups, which serve as a meeting point between client needs (demand) and the potential of Cloud services (offering).

Competition

The company has created and adopted service models that establish direct control over the entire service and technical component production chain. These make use of internal expertise and assets, in particular the primary Data Centre in Milan, certified by the Uptime Institute LLC of Seattle (USA) as "Tier 4", certifying the highest level of reliability, namely continual, interruption-free service.

The Company's position is the result of a strategy which, over the years, has created a wide range of infrastructural offerings and delivered organic growth through excellence in service provision.

The Company believes that its domestic competitors in the Cloud and IT Outsourcing markets fall into 3 main categories:

- Very large multinationals designed to serve large customers, with extensive and complex organisational structures.
- Medium-large domestic companies (or those covering several European countries) offering a wide range of consulting, system integration, application and hardware sales services, whose core business is usually not Cloud services.
- National companies that offer a customised, niche service for a small number of clients, and which operate on a captive market.

GROUP STRUCTURE

Parent

- WIIT S.p.A.

Direct and indirect subsidiaries and Group holdings

At December 31, 2019, the WIIT Group comprised five companies:

- i) WIIT S.p.A., the consolidating company, a joint-stock company incorporated in Italy with registered office in Via dei Mercanti No. 12, Milan, and its subsidiaries,
- ii) WIIT Swiss S.A., a company incorporated in Switzerland with registered office in Dottikon - Bleichweg 5 (CH), wholly owned,
- iii) Adelante S.r.l., a limited liability company incorporated in Italy with registered office in Via Sandro Pertini 7, Bagno a Ripoli (FI), wholly-owned by the consolidating entity,
- iv) ICT Watcher Sh.p.k. with registered office in Rruga Abdyl Frasherri, building 8, Tirana, an Albanian registered company, wholly-owned by the subsidiary Adelante S.r.l., and
- v) Matika S.p.A., a joint-stock company incorporated in Italy with registered office in Via Viale Arnaldo Fusinato 8, 36100 Vicenza, held 60%.

The Adelante Group and Matika joined the Group recently.

Specifically, Adelante provides IT services in four general categories:

- Cloud: the main service in this category is Infrastructure as a Service (IaaS). In other words, it involves virtual housing of end clients' IT systems and ancillary services such as disaster recovery, cloud backup, etc.
- Telcos: data transmission services using value-added technologies such as fibre optics and radio bridges, in addition to VoIP and virtual switchboards.
- Managed services: management of end clients' IT systems, whether housed in infrastructure on their premises or on the cloud (that of Adelante or other providers); this area also includes managed security services.
- System integration: consulting and operational services for designing and developing IT systems and the related hardware sales.

Matika operates in three main business areas:

- Cloud management: business application outsourcing according to the IaaS model, which allows clients to lower the costs of IT services according to a "consumption-based" model.
- System integration: consulting and design services for ad hoc solutions for companies of all sizes, with a particular focus on data centre and storage solutions.
- CRM: software platforms used to manage relations with customers and for commercial development.

Both companies adopt a managed service provider business model with four main components:

- Recurring, stratified revenues

The distinctive element of the model on which the company strategy is based is the provision of cloud and TLC infrastructure services, largely capable of ensuring recurring, long-term revenue sources. Non-recurring revenues on hardware and software sales or consulting services contribute tactically to achieving sales results and set the company apart from mere infrastructure operators. The company regards these revenues as strictly ancillary to recurring revenues, its main source.

- Distinctive value transfer to the end client

To increase client loyalty and minimise the churn rate, the company offers services that are difficult for its competitors to replicate. The service rendered to clients is personalised so that it becomes impossible to replace.

- Containment of operating and personnel costs

Offering the value-added services discussed above requires highly qualified personnel and significant man-hours. The use of semi-finished products, previous experience, the significant share of revenues attributable to infrastructure and balanced competencies within the organisation make it possible to offer a distinctive level of quality, while also containing personnel costs.

- Make-or-buy and invest-as-you go approaches to containing infrastructure investments

The final element of the model is the infrastructure investment strategy. As should be clear from the above, a not inconsiderable share of revenues is earned on the use of network infrastructure and data centres. Most companies that serve this particular segment of the market require considerable capital for the initial implementation of their infrastructure and then turn to the market to seek to “monetise” this infrastructure through recurring revenues. In contrast, Adelante and Matika adopt a different tactic based on acquiring network infrastructure and colocation in the data centres of large wholesalers to keep investments to a minimum. Only later, after reaching the volume required to expense the investment agilely, and only when strictly cost effective or strategic, do the companies then make the investment required to implement or acquire infrastructure, which thus becomes proprietary.

Given the characteristics described above, it becomes clear why the client portfolios of such companies make up the foundation of their value as businesses. The ability to meet clients' needs with ad hoc, flexible services is crucial to developing relationships of trust that generate added economic value and confer sustainability on the business model over time. The valuation exercise for the purchase price allocation following the acquisition of the above equity investments was thus conducted on the client portfolios of Adelante and Matika. See the notes to the consolidated financial statements, where the effects on the balance sheet and income statement are explained.

ALTERNATIVE PERFORMANCE MEASURES

In accordance with the ESMA recommendation on alternative performance measures (ESMA/2015/1415), the following table shows the main alternative performance measures used to monitor the Group's financial performance.

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.

Adjusted EBITDA - A non-GAAP measure used by the Group to measure performance. Adjusted 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, and gross of the following items: "IPO process costs", merger & acquisition costs and labour costs as per IFRS 2 regarding performance shares (for 2018 only). 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.

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, financial 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 - A non-GAAP measure used by the Group to measure performance. Adjusted EBIT is calculated as the algebraic sum of net profit for the period, gross of taxes, financial income (including exchange gains and losses), financial expenses, "IPO process costs", merger & acquisition costs, labour costs as per IFRS 2 regarding performance shares (for 2018 only) and amortisation of intangible assets arising from the purchase price allocation conducted in reference to the Matika and Adelante acquisitions.

Net financial debt: this is a valid measure of the Group's financial structure. This is calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets.

Adjusted net result – A non-GAAP measure used by the Group to measure its performance. Adjusted net result is calculated as the net profit or loss for the period, gross of merger & acquisition costs, labour costs as per IFRS 2 regarding performance shares (for 2018 only), amortisation of intangible assets arising from the purchase price allocation conducted in reference to the Matika and Adelante acquisitions and the related tax effects.

Net financial debt – this is a valid measure of the Group's financial structure. This is calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets.

Operating results and financial position

Group operating performance

The past financial year was extremely positive for your company and the Group. Total revenues and operating income amounted to Euro 33.9 million, up by 34.4% from Euro 25.2 million in 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 amounts at December 31, 2018 (*) have been restated to take into account the net assets identified following the completion of the purchase price allocation process of the company Adelante, acquired on July 18, 2018, whose values had therefore not been included in the financial statements at December 31, 2018, in accordance with IFRS 3. For further information, reference should be made "Business combinations" section of the Notes. Net of internal capitalisations, operating costs were Euro 21.8 million compared to Euro 15.3 million in 2018 (+42.8%), and in further detail:

- service costs were approx. Euro 15.2 million (+48.5%);
- personnel costs were Euro 6.2 million (+33.2%);
- capitalised costs – primarily associated with personnel involved in development projects for proprietary software platforms – amounted to Euro 0.7 million (+23.6%).

EBITDA was Euro 12.1 million, growth of 21.5% on 2018 (Euro 10 million). The EBITDA margin was 35.8% compared to 39.6% in 2018.

Amortisation and depreciation amounted to Euro 6.9 million compared to Euro 5.3 million in the previous year.

EBIT was Euro 5.2 million, an increase of 12.0% on 2018 (Euro 4.7 million). The EBIT margin was 15.4% compared to 18.5% in 2018.

Net tax income in 2019 amounted to Euro 0.2 million, compared with net tax expenses of Euro 0.7 million in the previous year.

The net profit attributable to the Group was Euro 5.3 million, compared with net profit of Euro 3.3 million in 2018, an increase of 57%.

In 2019 "assets held-for-sale" did not have any effect on the income statement, and therefore the costs and revenues shown in the consolidated income statement refer solely to "continuing operations".

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

	2019 Consolidated	2018 Consolidated Restated*	Change
Net revenues	33,911,458	25,237,095	8,674,362
External costs	(15,237,262)	(10,263,621)	(4,973,641)
Value added	18,674,196	14,973,474	3,700,722
Personnel costs	(6,228,704)	(4,677,486)	(1,551,218)
Other costs and operating charges	(381,993)	(309,479)	(72,514)
Change in inventories	65,913	0	65,913
EBITDA	12,129,411	9,986,508	2,142,903
<i>EBITDA Margin</i>	35.8%	39.6%	-3.8%
Amort., depre. & write-downs	(6,903,267)	(5,318,664)	(1,584,604)
EBIT	5,226,144	4,667,845	558,300
<i>EBIT Margin</i>	15.4%	18.5%	-3.1%
Income and charges	(234,497)	(590,638)	356,141
income taxes	258,383	(732,469)	990,853
NET PROFIT	5,250,031	3,344,738	1,905,293

The table below shows total revenues and operating income, EBITDA and pre-tax profit (reconciled in the following table).

	2019 Consolidated	2018 Consolidated Restated (*)	2019 Adjusted Consolidated	2018 Adjusted Consolidated Restated (*)
Total revenues and operating income	33,911,458	25,237,095	33,911,458	25,237,095
EBITDA	12,129,411	9,986,508	13,192,141	10,411,546
Profit before taxes	4,991,648	4,077,207	6,565,132	4,752,511
Net profit	5,250,031	3,344,738	6,649,133	3,822,920

Consolidated adjusted EBITDA was up 26.7% on 2018, with a 38.9% consolidated revenue margin, indicating the highly optimised level of company operating processes and services. This growth also had an extremely positive impact on pre-tax profits.

Adjusted EBITDA is 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 labour 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.

The net profit earned by WIIT S.p.A. reflected the "Patent Box" benefit stemming from the agreement signed by the parent company WIIT S.p.A. with the Tax Agency. The benefit is also reflected in consolidated net profit.

The reconciliation of the adjusted values is shown below.

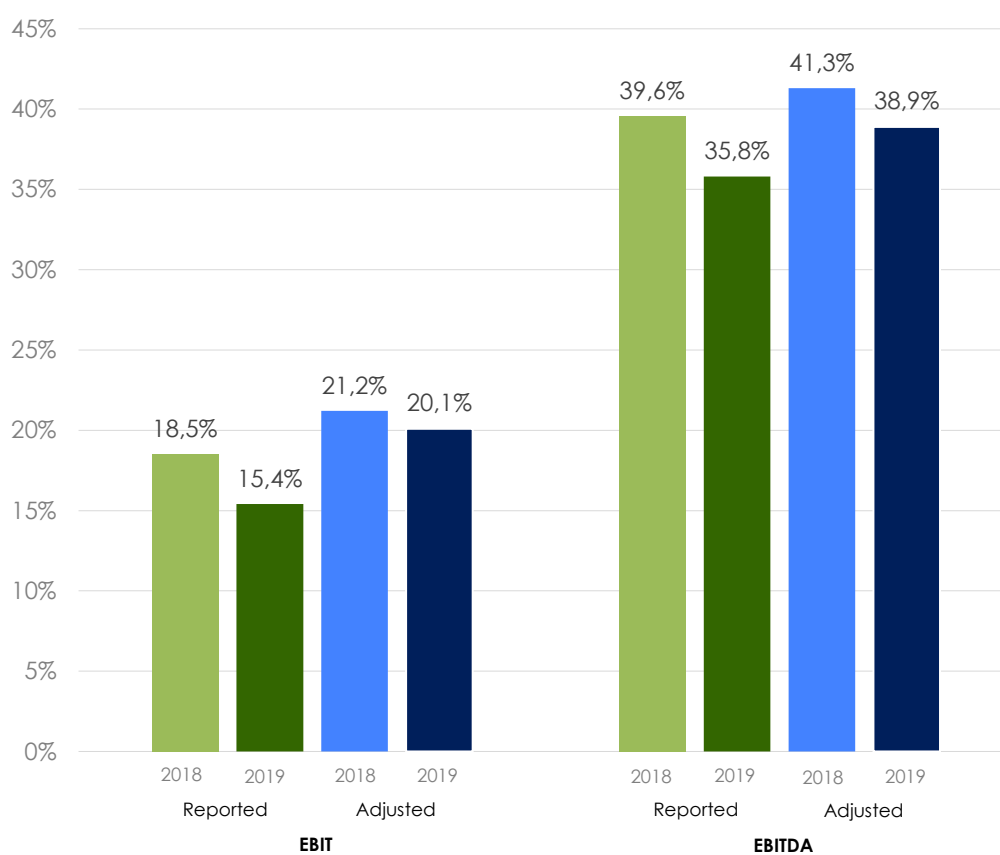
	2019 Consolidated	Adjustment	Note	2019 Adjusted Consolidated		2018 Consolidated	Adjustment	Note	2018 Adjusted Consolidated
Net revenues	33,911,458			33,911,458	Net revenues	25,237,095			25,237,095
External costs	(15,237,262)	1,062,729	1)	(14,174,533)	External costs	(10,263,621)	142,440	1)	(10,121,181)
Value added	18,674,196	1,062,729		19,736,925	Value added	14,973,474	142,440		15,115,914
Personnel costs	(6,228,704)			(6,228,704)	Personnel costs	(4,677,486)	282,597	2)	(4,394,889)
Other costs & operating charges	(381,993)			(381,993)	Other costs & operating charges	(309,479)			(309,479)
Change in inventories	65,913			65,913	Change in inventories	0			0
EBITDA	12,129,411	1,062,729		13,192,141	EBITDA	9,986,508	425,037		10,411,546
<i>EBITDA Margin</i>	35.8%			38.9%	<i>EBITDA Margin</i>	39.6%			41.3%
Amort., deprec. & write-downs	(6,903,267)	510,755	2)	(6,392,512)	Amort., deprec. & write-downs	(5,318,664)	250,266	3)	(5,068,397)
EBIT	5,226,144	1,573,485		6,799,629	EBIT	4,667,845	675,304		5,343,148
<i>EBIT Margin</i>	15.4%			20.1%	<i>EBIT Margin</i>	18.5%			21.2%
Income and charges	(234,497)			(234,497)	Income and charges	(590,638)			(590,638)
income taxes	258,383	(174,383)	3)	84,001	income taxes	(732,469)	(197,122)	4)	(929,591)
NET PROFIT	5,250,031	1,399,102		6,649,133	NET PROFIT	3,344,738	478,182		3,822,919

Notes for the 2018 and 2019 adjustments:

- 1) Costs relating to the acquisition of Matika S.p.A. of Euro 244 thousand and non-recurring costs incurred for the transition to the MTA market of Euro 819 thousand.
- 2) Amortisation of the business list is included since it refers to non-recurring investments that do not require additional investments.
- 3) The effect of taxes on the items cited above estimated by the management of Wiit S.p.A.
- 4) Costs relating to the acquisition of Adelante S.r.l.
- 5) Non-recurring personnel costs

- 6) Amortisation of the business list is included since it refers to non-recurring investments that do not require additional investments.
- 7) The effect of taxes on the items cited above estimated by the management of Wilit S.p.A.

The consolidated EBITDA and EBIT (Operating Profit) performances are reported below.



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	2019	2018	2019 Consolidated	2018 Consolidated Restated (*)	2019 Adj. Consolidated	2018 Adj. Consolidated Restated (*)
ROE	Net profit / equity	32.08%	11.90%	25.41%	15.14%	30.14%	16.94%
ROI	EBIT / Capital employed	5.11%	6.35%	7.21%	7.91%	9.38%	9.05%
ROS	EBIT / Total revenues and operating income	13.72%	16.17%	15.41%	18.50%	20.05%	21.17%

Parent company operating performance

Total revenues and operating income amounted to Euro 22.5 million, up from Euro 20.7 million in 2018 (+8.9%).

Net of internal capitalisations, operating costs were Euro 13.6 million compared to Euro 12.3 million in 2018 (+10.1%), and in further detail:

service costs were approx. Euro 9.0 million (+13.9%);

personnel costs were Euro 4.3 million (+3.5%);

capitalised costs – primarily associated with personnel involved in development projects for proprietary software platforms – amounted to Euro 0.7 million (+23.6%).

The EBITDA amounted to Euro 8.9 million, growth of 7.3% on 2018 (Euro 8.3 million). The EBITDA margin was 39.7% compared to 40.34% in 2018.

Amortisation and depreciation amounted to Euro 5.9 million compared to Euro 5 million in the previous year.

EBIT was Euro 3.1 million, a decrease of 7.6% on 2018 (Euro 3.3 million). The EBIT margin was 13.7% compared to 16.2% in 2018.

Net tax income in 2019 amounted to Euro 0.8 million, compared with net tax expenses of Euro 0.5 million in the previous year.

The net profit was Euro 6.2 million, compared with net profit of Euro 2.4 million in 2018, an increase of 163.1%.

In 2019 “assets held-for-sale” did not have any effect on the income statement, and therefore the costs and revenues shown in the income statement refer solely to “continuing operations”.

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

		Restated (*)	
		2019	2018
Net revenues		22,502,281	20,658,578
External costs	23	(9,012,934)	(7,916,444)
Value added		13,489,348	12,742,134
Personnel costs	24	(4,257,374)	(4,112,540)
Other costs and operating charges	26	(293,183)	(295,099)
Change Inventories of raw mat., consumables and goods	-	0	0
EBITDA		8,938,791	8,334,496
	EBITDA Margin	39.7%	40.3%
Amortisation, depreciation, and write-downs	25	(5,851,714)	(4,994,259)
EBIT		3,087,077	3,340,236
	EBIT Margin	13.7%	16.2%
Income and charges		2,345,528	(486,427)
Income taxes	31	807,909	(482,022)
NET PROFIT		6,240,515	2,371,787

Group balance sheet and financial position

Non-current assets primarily comprise goodwill of Euro 17.6 million, recognised on business combinations, intangible assets of Euro 13.3 million, primarily business lists and software, the right-of-use, primarily for property leases, of Euro 5.7 million, plant and machinery of Euro 3.2 million, other tangible assets of Euro 10.1 million, deferred tax assets of Euro 0.7 million and receivables and other non-current assets of Euro 0.73 million.

Current assets declined by Euro 3.8 million on December 31, 2018, mainly due to the over Euro 4 million in cash used in the Parent Company's share buy-back plan. Trade receivables increased by Euro 6.4 million and other assets and receivables by Euro 2.3 million.

Non-current liabilities primarily comprise payables to other lenders in connection with IFRS 16 of Euro 6.6 million, bank payables of Euro 7.1 million, post-employment benefits payable of Euro 2 million, financial liabilities of Euro 12.9 million, mostly relating to the share of the residual discounted price for the future acquisition of non-controlling interests under the put and call contracts and earn-outs, deferred tax liabilities of Euro 2.9 million and other liabilities of Euro 0.9 million.

Current liabilities – comprising payables to other lenders in connection with the standard IFRS 16 of Euro 4.0 million, bank payables of Euro 5.3 million, current taxes of Euro 0.7 million, financial liabilities of Euro 1.5 million, mostly relating to the share of the residual discounted price of the previous acquisitions and earn-outs, trade payables of Euro 4.5 million and other liabilities and tax payables totalling Euro 3.3 million – increased by Euro 3.8 million overall.

Consolidated shareholders' equity was Euro 32.4 million compared to Euro 21.3 million at December 31, 2018.

The consolidated balance sheet compared to the previous year is shown below (in Euro):

	31/12/2019	31/12/18 (*) Restated
Net intangible assets	36,653,682	18,596,234
Net tangible assets	13,355,819	13,822,989
Investments and other financial assets	60,861	68,062
Other long-term receivables	732,278	1,043,489
Deferred tax assets	727,459	685,410
Fixed assets	51,530,099	34,216,184
Inventories	82627.75	0
Current trade receivables	6,442,595	4,699,371
Receivables from group companies	35,567	460,965
Receivables from subsidiaries	0	0
Other receivables	2,594,529	1,734,363
Cash and Cash Equivalents	11,836,359	17,930,107
Current assets	20,991,678	24,824,805
Capital employed	72,521,777	59,040,989
Bank payables (within one year)	5,443,457	3,817,932
Payables to other lenders (within one year)	4,000,234	3,922,970
Payables to suppliers (within one year)	4,478,794	3,802,103
Payables to group companies	42,293	0
Tax payables and social security institutions	715,453	669,451
Other current financial liabilities	1,479,663	1,410,000
Other payables	3,291,324	2,055,982
Current liabilities	19,451,218	15,678,438
Post-employment benefits	1,983,999	1,259,295
Bank payables (beyond one year)	7,192,300	6,144,430
Payables to other lenders (beyond one year)	6,611,209	4,801,538
Payables to suppliers (beyond one year)	0	0
Other non-current financial liabilities	12,890,437	6,397,259
Other medium/long-term payables	851,125	1,339,529
Other payables and non-current liabilities	8,394	0
Deferred tax payables	2,872,152	1,328,643
Medium/long-term liabilities	32,409,616	21,270,694
Minority interest share capital	51,860,834	36,949,133
Shareholders' Equity	20,660,943	22,091,857
Own funds	20,660,943	22,091,857
Own Funds & Minority interest share capital	72,521,777	59,040,990

Parent Company equity and financial performance

Non-current assets mainly comprise equity investments in other companies of Euro 20 million, intangible assets of Euro 3.5 million, primarily software, the right-of-use, primarily for property leases, of Euro 5.2 million, plant and machinery of Euro 2.9 million, other tangible assets of Euro 10 million, deferred tax assets of Euro 0.6 million and receivables and other non-current assets of Euro 0.72 million.

Current assets declined by Euro 5.2 million on December 31, 2018, mainly due to the over Euro 4 million in cash used in the share buy-back plan. Trade receivables rose by Euro 3.9 million, current financial assets referring to dividends not yet collected by Euro 0.61 million and other assets and receivables by Euro 2.4 million due to the recognition of the Patent Box tax income.

Non-current liabilities mainly comprise payables to other lenders in connection with the standard IFRS 16 of Euro 6.1 million, bank payables of Euro 7.1 million, post-employment benefits payable of Euro 1.3 million, financial liabilities of Euro 5.8 million, mostly relating to the share of the residual balance of the discounted price for acquisition of Adelante and earn-outs, deferred tax liabilities of Euro 0.2 million and other liabilities of Euro 0.9 million.

Current liabilities – comprising payables to other lenders in connection with the standard IFRS 16 of Euro 3.8 million, bank payables of Euro 5.3 million, current taxes of Euro 0.1 million, financial liabilities of Euro 6.2 million, mostly relating to cash pooling with the subsidiaries, trade payables of Euro 1.8 million and other liabilities and tax payables totalling Euro 2.4 million – increased by Euro 6.4 million overall.

Shareholders' equity was Euro 19.5 million compared to Euro 20 million at December 31, 2018. The decrease was mainly due to the treasury shares taken to equity of over Euro 4 million.

The balance sheet of the Parent Company compared to the previous year is shown below (in Euro):

	31/12/2019	31/12/2018 * (Restated)
Net intangible assets	5,995,149	3,415,676
Net tangible assets	17,097,137	14,484,307
Investments and other financial assets	19,973,063	14,037,471
Other long-term receivables	719,811	989,135
Deferred tax assets	625,195	673,530
Fixed assets	44,410,353	33,600,119
Inventories	0	0
Current trade receivables	3,882,782	2,684,301
Receivables from group companies	116,791	675,029
Receivables from subsidiaries	0	0
Other receivables	3,024,654	1,435,848
Cash and Cash Equivalents	8,990,107	14,225,320
Current assets	16,014,335	19,020,498
Capital employed	60,424,688	52,620,618
Bank payables (within one year)	5,273,589	3,814,345
Payables to other lenders (within one year)	3,824,059	3,250,740
Payables to suppliers (within one year)	1,804,310	1,482,127
Payables to group companies	10,972	1,105,836
Tax payables and social security institutions	149,743	256,143
Other current financial liabilities	6,181,406	1,410,000
Other payables	2,389,558	1,825,663
Current liabilities	19,633,638	13,144,854
Post-employment benefits	1,282,889	1,075,333
Bank payables (beyond one year)	7,092,425	6,144,430
Payables to other lenders (beyond one year)	6,075,111	4,552,575
Payables to suppliers (beyond one year)	0	0
Other non-current financial liabilities	5,822,758	6,397,259
Other medium/long-term payables	851,125	1,339,529
Other payables and non-current liabilities		
Deferred tax payables	212,782	41,245
Medium/long-term liabilities	21,337,090	19,550,370
Minority interest share capital	40,970,727	32,695,224
Shareholders' Equity	19,453,961	19,925,393
Own funds	19,453,961	19,925,393
Own Funds & Minority interest share capital	60,424,688	52,620,617

The consolidated net financial position at December 31, 2019, compared with the previous year, as calculated by the company, was as follows:

	31/12/2019 Consolidated	31/12/2018 Consolidated Restated (*)
A - Cash and cash equivalents	11,836,359	17,930,107
B - Securities held for trading	0	0
C - Cash & cash equivalents (A)+(B)	11,836,359	17,930,107
D - Current financial assets	0	0
E - Current bank payables	(5,443,457)	(3,817,932)
F - Other current financial liabilities	(1,479,663)	(1,410,000)
G - Payables to other lenders	(4,000,234)	(3,922,970)
H - Current financial debt (D)+(E)+(F)+(G)	(10,923,354)	(9,150,902)
I - Current net financial debt (H) - (C)	913,005	8,779,205
J - Bank payables	(7,192,300)	(6,144,430)
K - Other non-current financial assets	291,779	333,666
L - Payables to other lenders	(6,611,209)	(4,801,538)
M - Other non-current financial liabilities	(12,890,437)	(6,397,259)
N. Non-current financial payables (K)+(L)+(M)+(N)	(26,402,167)	(17,009,562)
O - Net financial debt (J) + (N) for the company	(25,489,163)	(8,230,357)
- Lease payables IFRS 16 (current)	1,239,369	614,104
- Lease payables IFRS 16 (non-current)	4,231,069	470,127
P - Net financial debt excluding the impact of IFRS 16 for the company	(20,018,724)	(7,146,126)

Operating activities generated sound cash flows, fully funding both ordinary investing activities and M&A transactions. The decrease in cash and cash equivalents was mainly due to the repayment of part of the loans, the distribution of dividends and the purchase of treasury shares for approx. Euro 4.3 million. The increase in net financial debt mainly relates to the financial payables contracted in the form of the deferred earn-out and put and call options (at the consolidated level only) in connection with the business combinations undertaken during the year.

In addition, it reflects investments for approx. Euro 3.2 million, with the acquisition of IT infrastructure of the parent company related to new orders mainly signed in the first half of the year, and in part related to improvements at the new Milan A 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 finally increased payables to other lenders by approx. Euro 4 million, as per IFRS 16.

The net financial position of the Parent Company at December 31, 2019, compared with the previous year, as calculated by the company, was as follows:

	31/12/2019	31/12/2018 Restated (*)
A - Cash and cash equivalents	8,990,107	14,225,320
B - Securities held for trading	0	0
C - Cash & cash equivalents (A)+(B)	8,990,107	14,225,320
D- Current financial assets	647,000	0
E - Current bank payables	(5,273,589)	(3,814,345)
F - Other current financial liabilities	(6,181,406)	(1,410,000)
G - Payables to other lenders	(3,824,059)	(3,250,740)
H - Current financial debt (D)+(E)+(F)+(G)	(14,632,054)	(8,475,085)
I - Current net financial debt (H) - (C)	(5,641,947)	5,750,235
J - Bank payables	(7,092,425)	(6,144,430)
K - Payables to other lenders	(6,075,111)	(4,552,575)
L - Other non-current financial liabilities	(5,822,758)	(6,397,259)
M. Non-current financial debt (J)+(K)+(L)	(18,990,294)	(17,094,264)
N - Net financial debt (J) + (M)	(24,632,240)	(11,344,029)

Operating activities generated sound cash flows, fully funding both ordinary investing activities and M&A transactions. The decrease in cash and cash equivalents was mainly due to the repayment of part of the loans, the distribution of dividends and the purchase of treasury shares for approx. Euro 4.3 million. The increase in net financial debt mainly relates to the financial payables contracted in the form of the deferred earn-outs in connection with the business combinations.

In addition, it reflects investments for approx. Euro 3.2 million, with the acquisition of IT infrastructure related to new orders mainly signed in the first half of the year, and in part related to improvements at the new Milan A 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 finally increased payables to other lenders by approx. Euro 4 million, as per IFRS 16.

The consolidated cash flow statement compared to the previous year is presented below.

CONSOLIDATED CASH FLOW STATEMENT - Euro	31.12.2019 Consolidated	31.12.2018 Consolidated Restated
Net profit from continuing operations	5,250,031	3,344,738
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	6,903,267	5,318,664
Financial assets adjustments	7,200	(256,917)
Change in employee benefits	118,387	118,915
Financial expenses	439,221	508,034
Income taxes	(258,383)	732,469
Other non-cash changes (deferred tax assets/liabilities)	(116,430)	427,360
Cash flow generated from operating activities before working capital changes	12,343,293	10,193,262
<i>Changes in current assets and liabilities:</i>		
Decrease (increase) in inventories	(65,913)	0
Decrease (increase) in trade receivables	338,578	490,663
Decrease (increase) in tax receivables	0	0
Increase (decrease) in trade payables	(431,625)	(83,138)
Increase (decrease) in tax payables	(345,740)	607,657
Decrease (increase) other current assets	115,133	(819,217)
Increase (decrease) in current liabilities	784,717	329,439
Decrease (increase) in other non-current assets	50,454	20,942
Increase (decrease) in other non-current liabilities	2,109	(120,000)
Decrease (increase) in assets deriving from contracts	329,904	(406,294)
Increase (decrease) in liabilities deriving from contracts	(765,604)	(288,765)
<i>Cash flow generated from operating activities</i>		
Income taxes paid	(847,332)	(1,196,551)
Interest paid/received	(288,394)	(251,117)
Cash flow generated from operating activities (A)	11,219,582	8,476,880
Net increase intangible assets	(1,617,498)	(1,131,227)
Net increase tangible assets	(3,957,512)	(5,081,345)
Cash flows from business combinations net of cash and cash equivalents	(3,480,722)	(3,504,367)
Cash flow used in investing activities (b)	(9,055,731)	(9,716,939)
New financing	7,000,000	6,000,000
Repayment of loans	(4,680,798)	(3,866,450)
Drawdown of payables to other lenders	1,061,467	3,368,732
Finance lease payables	(3,591,666)	(2,658,436)
Payment of deferred fees for business combinations	(1,410,000)	(100,000)
Distribution dividends	(2,328,575)	(2,126,277)
Acquisition of treasury shares	(4,308,026)	(2,961,864)
Cash flow used in financing activities (c)	(8,257,597)	(2,344,294)
Net increase/(decrease) in cash and cash equivalents a+b+c	(6,093,749)	(3,584,353)
Cash and cash equivalents at end of year	11,836,359	17,930,107
Cash and cash equivalents at beginning of year	17,930,107	21,514,459
Net increase/(decrease) in cash and cash equivalents	(6,093,749)	(3,584,353)

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

CASH FLOW STATEMENT of the Parent Company	31.12.2019	31.12.2018 Restated
Net profit from continuing operations	6,240,515	2,525,929
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	5,851,714	3,103,259
Financial assets adjustments	0	0
Change in employee benefits	106,644	127,694
Financial expenses	428,276	488,117
Income taxes	(807,909)	276,052
Other non-cash changes (deferred tax assets/liabilities)	56,099	205,970
Cash flow generated from operating activities before working capital changes	11,875,338	6,727,021
<i>Changes in current assets and liabilities:</i>		
Decrease (Increase) in inventories	0	0
Decrease (increase) in trade receivables	(366,214)	740,257
Decrease (increase) in tax receivables	0	(296,576)
Increase (decrease) in trade payables	(1,073,324)	(1,623,605)
Increase (decrease) in tax payables	(297,198)	578,242
Decrease (increase) other current assets	(537,343)	(1,221)
Increase (decrease) in current liabilities	830,145	(1,086,951)
Decrease (increase) in other non-current assets	54,354	
Increase (decrease) in other non-current liabilities	0	
Decrease (increase) in assets deriving from contracts	329,905	(1,039,728)
Increase (decrease) in liabilities deriving from contracts	(765,604)	2,105,133
<i>Cash flow generated from operating activities</i>		
Income taxes paid	(53,013)	(959,560)
Interest paid/received	(294,006)	(240,672)
Cash flow generated from operating activities (A)	9,703,040	4,902,341
Net increase intangible assets	(1,494,924)	(1,130,851)
Net increase tangible assets	(3,542,879)	(4,186,000)
Cash flows from business combinations net of cash and cash equivalents	3,890	(14,350,687)
Cash flow used in investing activities (b)	(5,033,912)	(19,667,538)
New financing	7,000,000	6,000,000
Repayment of loans	(4,592,761)	(3,865,102)
Drawdown of payables from other lenders	1,061,467	6,282,941
Finance lease payables	(3,582,411)	(3,688,609)
Drawdown (settlement) other financial investments	(1,744,037)	7,557,036
Payment of deferred fees for business combinations	(1,410,000)	100,000
Distribution dividends	(2,328,575)	(2,126,276)
Acquisition of treasury shares	(4,308,026)	(2,961,864)
Performance share plan	0	282,597
Cash flow used in financing activities (c)	(9,904,342)	7,580,723
Net increase/(decrease) in cash and cash equivalents a+b+c	(5,235,214)	(7,184,474)
Cash and cash equivalents at end of year	8,990,107	14,225,320
Cash and cash equivalents at beginning of year	14,225,321	21,409,794
Net increase/(decrease) in cash and cash equivalents	(5,235,214)	(7,184,474)

Financial instruments

The company at 31/12/2019 did not possess derivative financial instruments.

Treasury shares or parent company shares

In accordance with Article 2428, points 3) and 4), of the Civil Code, the company holds 131,061 treasury shares, accounting for 4.94% of share capital, 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.

Treasury shares held by subsidiaries

No subsidiary holds treasury shares of the issuer.

Opt-out from the obligation to publish disclosure documents on undertaking significant corporate transactions

In accordance with Article 3 of Consob motion no. 18079 of January 20, 2012, the Company decided to apply the opt-out as per Articles 70, paragraph 8, and 71, paragraph 1-bis of Consob motion no. 11971/99, as amended, applying therefore the exception from publication of the required disclosure documents concerning significant merger, spin-off, share capital increases through conferment of assets in kind, acquisition, and sales operations.

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

During 2019 there were no workplace deaths of personnel on payroll.

During 2019 there were no serious accidents at work that resulted in severe or very severe injuries to personnel on payroll.

During 2019, there were no charges regarding occupational illnesses of employees or former employees and causes of bullying for which the company was declared definitively responsible.

The environment

During 2019, no environmental damage was declared against the company.

During 2019, no penalties were incurred for offences or environmental damage.

Other information

Supervision and control

The Company has complied with Legislative Decree 231/2001 on the criminal liability of companies by appointing an internal Supervisory and Control Board, a fully autonomous body supported by company functions and external advisors that is responsible for supervising the full application of the “organisational model” adopted, updating its contents and reporting any violations and breaches to the Company’s Board of Directors.

Management and co-ordination

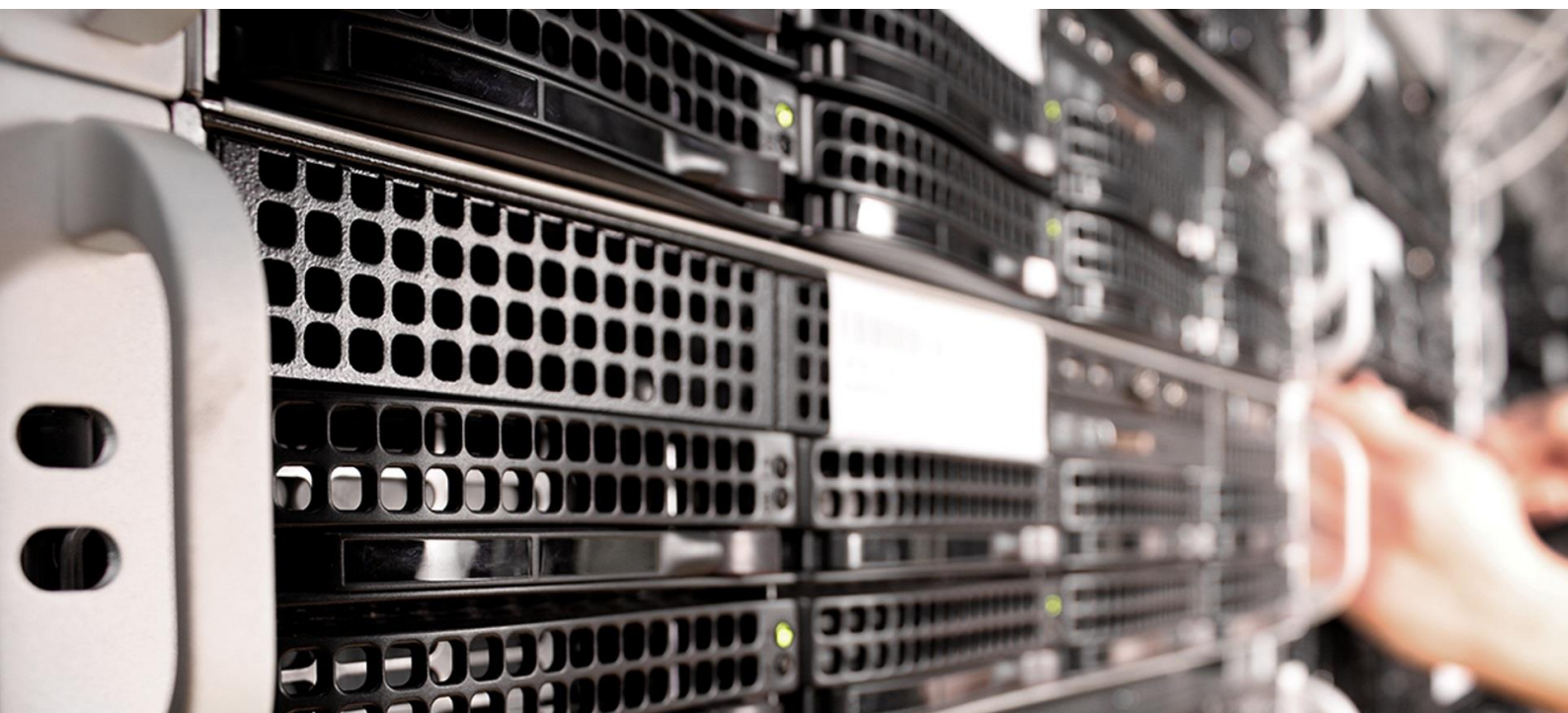
Until the end of 2018 the Company was subject to management and coordination pursuant to Articles 2497 and following of the Civil Code by its majority shareholder WIIT Fin S.r.l. (“WIIT Fin”), the vehicle through which the Chief Executive Officer holds his equity investment in the Company. The reasons for the Issuer’s management and co-ordination by WIIT Fin date back to the start-up phase of the Company’s development, following its foundation, and lie in the need for support and aid from the Issuer’s majority shareholder with its initial growth and development. At its meeting on May 13, 2019, the Board of Directors stressed that the relationship between WIIT Fin and the Issuer is limited solely to the exercise of the administrative and financial rights arising from the status of shareholder and that WIIT is not in fact subject to any of the activities of which management and coordination is typically composed. In particular: (i) WIIT conducts relations with its clients and suppliers in a fully independent manner, without any external interference; (ii) WIIT prepares the strategic, business, financial and/or budget plans of the Company and Group in a fully independent manner; (iii) WIIT is not subject to group regulations; (iv) WIIT does not have any organisational or functional connection to WIIT Fin; (v) there are no acts, resolutions or communications by WIIT Fin that may reasonably support the belief that WIIT’s decisions have been or are imposed by order of WIIT Fin; (vi) WIIT Fin has not centralised treasury services or other financial assistance or coordination functions; (vii) WIIT Fin has not issued any directives or instructions concerning WIIT’s decisions on financial and credit matters; and (viii) WIIT Fin has not issued any directives on corporate transactions by WIIT, such as the IPOs, acquisitions, disposals, combinations, contributions, mergers, de-mergers, etc.

On that same date, the board of directors of WIIT Fin formally approved the discontinuation of management and coordination of WIIT.

Research and development

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 competitiveness and market expansion capacity. Investments were capitalised for Euro 701,381 during the year.



TRANSACTIONS WITH SUBSIDIARY, ASSOCIATE, HOLDING & RELATED COMPANIES

INVOICE

Date: 01/01/2018
Invoice No: 0100001
Customer ID: 223

Qty	Amount
246.53	
855.75	
894.87	
490.74	
355.40	
00.00	
0.00	

%Growth:

-11%
+37%
+42%
+78%
+18%

According to sales from 2013 - 2018

May	June
24,796	45,596
354	1,076
133	190
	134
	47,756

Transactions with subsidiary, associate, holding and related companies

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

	Costs	WIIT Fin S.r.l.	WIIT S.p.A.	Wiit Swiss	Adelante Srl	ICTW	MATIKA S.p.A.	Etaeria S.p.A.	Commit	Total
Revenues	WIIT Fin S.r.l.		499,000							499,000
	WIIT S.p.A.	-			254,306			326,000	30,990	611,296
	WIIT Swiss S.A.		1,743							1,743
	Foster S.r.l.									-
	Adelante S.r.l.		193,416			13,065			121,671	328,152
	ICTW		76,125		22,500					98,625
	MATIKA S.p.A.		9,652							9,652
	Etaeria S.p.A.									-
	Commit		14,160		229,243					243,403
	Total	-	794,096			506,050	13,065	-	326,000	152,661

	Receivables	WIIT Fin S.r.l.	WIIT S.p.A.	Wiit Swiss	Adelante Srl	ICTW	MATIKA S.p.A.	Etaeria S.p.A.	Commit	Total
Payables	WIIT Fin S.r.l.		2,010,511		242,281					2,252,792
	WIIT S.p.A.			401,743	2,100,000		2,210,972			4,712,715
	WIIT Swiss S.A.									-
	Foster S.r.l.									-
	Adelante S.r.l.		743,600			3,000			42,293	788,893
	ICTW				43,115					43,115
	MATIKA S.p.A.									-
	Etaeria S.p.A.		397,720							397,720
	Commit		20,191		15,376					35,567
	Total	-	3,172,022			2,400,771	3,000	2,210,972	-	42,293

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.

Disclosures relating to risks and uncertainties pursuant to article 2428, paragraph 2, point 6 bis, of the Italian Civil Code

Risk Management

As in all businesses, risk factors which may affect the Company results exist and therefore preventative actions have been taken. Specifically, the company prioritises assessment of all types of Risk when implementing procedures for their control and mitigation. These procedures concern the commitment and responsibilities undertaken and are subject to maximum transparency and correctness.

On 30/07/2013, following approval of the Organisational and Management Model which includes Risk analysis in accordance with article 6, paragraph 1, letter a) of Legislative Decree 231/01, the Board of Directors approved the appointment of a Supervisory Board to oversee the application of and compliance to the Model, as well as updates to it.

The risk analysis carried out for the implementation of the Model considers the scenario whereby the company was already equipped with an integrated management system, the DPS and its evolution, and in possession of the certifications relating to quality (ISO 9001), IT Services Management (ISO 20000), and "security" (ISO 27001).

The risk factors in accordance with article 2428 of the Civil Code are outlined below and further more general considerations can be found in the specific documentation.

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 Wilit 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.

Receivables are initially stated at fair value, corresponding to their nominal value, and subsequently measured according to the amortised cost method, net of a write-down provision.

In relation to trade receivables and other receivables, the Company has applied the simplified approach indicated by IFRS 9 to measure the doubtful debt provision as the expected loss over the life of the receivable. The Company measures the amount of expected losses in relation to these elements through the use of a provisioning matrix, estimated on the basis of historic experience of receivable losses according to creditor due dates, adjusted to reflect current conditions and estimates concerning future economic conditions. Consequently, the credit risk profile of these assets is presented according to due dates on the basis of the provisioning matrix.

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.

Cyber Security Risk

The WIIT Group is exposed to the risk of hacking attacks on its systems that might entail unauthorised access to client data, the intentional or unintentional use of such data, theft, loss or destruction, by current or former employees, consultants, suppliers or other persons who have had access thereto, with possible damage claims, loss of clients or of a part of the sales generated by such clients and with adverse effects on the Group's reputation and thus on the business, outlook, operating results and financial position of the Parent Company and of the Group.

In response to these threats, the WIIT Group has hired highly specialised technicians and its IT infrastructure is undergoing constant technological development and updates to ensure IT security and reduce the risks of hacking. In particular, in IT security, in addition to its "Business Continuity and Disaster Recovery Plan", the WIIT Group has implemented further security tools such as (i) two-factor (strong) authentication management software for external access to WIIT's network, (ii) a Password Access Management (PAM) system that reinforces the security of access privileges within the infrastructure, allowing access to be monitored on the basis of the user's role, (iii) a next-generation firewall (NGFW) with advanced anti-malware and intrusion detection features for server traffic and (iv) anti-virus and disc encryption for user workstations. In addition, the Group conducts specific vulnerability assessment and penetration test sessions at least once a year to detect and manage any vulnerabilities in the infrastructure.

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.

Climate change and possible impacts on the Wiit Group

The increasing attention devoted to environmental issues and climate change by the foremost global institutions and the increasing awareness amongst the world's population of the impacts that businesses have on the climate through their activities have led the directors to assess the possible effects that such changes might have on the management of the Group's business.

Climate change risk is currently believed to be low in view of the sector of operation.

Subsequent events

Following the agreement signed on December 20, 2019, on January 15, 2020, WIIT S.p.A. signed agreements for the gradual acquisition of 100% of the share capital of Etaeria S.r.l. ("Etaeria"), a Kelyan Group company providing cloud and cyber security services, in addition to the acquisition of the Aedera S.r.l. (Kelyan Group) business, provider of IT services and solutions for the digitalisation of companies in SAAS mode (the "Aedera Business").

The agreements stipulate the initial acquisition of a 60% majority holding in Etaeria for consideration of approx. Euro 3.5 million, in addition to the variable price component subject to the achievement of the 2019 full-year earnings objectives. The acquisition of the Etaeria shares also involves the payment of an advance for the acquisition of the residual 40%, for which put and call options are stipulated, to which variable price components are linked ("earn out"), subject to the achievement of set Etaeria earnings objectives.

In relation to the Aedera business unit, the estimated consideration on closing amounted to approx. Euro 1.4 million, in addition to the variable price component (earn out) for approx. Euro 0.9 million, subject to the achievement of the result objectives by the Aedera business unit in the 2019-2022 period.

Description of Etaeria and the Aedera Business

Etaeria was founded in 2016 to provide managed security and infrastructural cloud computing services to Italian SMEs and channel partners. With a workforce of over 40 highly-specialised personnel, it has a portfolio that includes over 80 medium-large top customers that following the transaction will be directly managed by WIIT, with the others to be managed through the other commercial channels.

Aedera was created in 2016 by a group of professionals with thirty years' experience in document management in order to develop a proprietary technological platform and innovative services to manage unstructured document processes and other electronic document processes provided as SAAS.

On January 7, 2020 the Company signed a loan contract for a maximum Euro 40 million, with a banking syndicate comprising Banca IMI S.p.A., as arranger and agent bank, and Intesa Sanpaolo S.p.A. and Banco BPM S.p.A. as lending banks.

The loan, principally to support the WIIT Group's acquisition-led growth strategy on the Italian and international market and investment plan, stipulates the following key terms and conditions:

- the composition of the loan as (i) an amortising credit line for a maximum Euro 15 million, with maturity of December 31, 2025; (ii) a bullet credit line of a maximum Euro 15 million, with maturity of June 30, 2026; and (iii) an amortising credit line for a maximum Euro 10 million, with maturity of December 31, 2024;
- an annual interest rate based on the reference Euribor and an increasing or decreasing variable margin according to the change in the NFP/EBITDA ratio;
- EBITDA/net financial charges and NFP/EBITDA covenants;
- the pledging, in favour of the lending banks, of the holdings representing the share capital of certain target companies acquired by WIIT in execution of its growth strategy.

In accordance with best market practice, the loan contract in addition contains provisions concerning, among others, mandatory early settlement events, conditions on disbursements, declarations and guarantees, limitations on debt and corporate transactions, in addition to dividend distribution limits.

In addition, it should be noted that the events of recent weeks relating to the growing domestic and international emergency caused by the Covid-19 pandemic are discussed below in the “Outlook” section.

Outlook

Revenues and margins are still expected to expand considerably in 2020.

The Company's activities to strengthen the commercial structure for the direct control of the market continue, also thanks to marketing activity to build the Brand and the analysis of the specific needs of the Company's Targets.

In recent months, the visibility for 2020 significantly reduced due to the COVID-19 emergency. Despite the major uncertainties and fears in terms of the social and economic repercussions of the health emergency, WIIT - thanks to its business model based on long-term orders and recurring revenues, does not expect significant impacts on the business in revenue terms, which may emerge only where this contingent situation extends beyond the first half of the year, whereby an impact may be felt in terms of sales related to the acquisition of new customers. Strong interest has been seen to date from existing and new customers in the smart working and cyber security services provided through WIIT's Cloud platform. However, working capital could be affected by a possible slowdown in collections and non-performing positions attributable to certain customers that are in turn more significantly affected by the Covid-19 emergency. The variety of sectors in which the Company operates and its good financial condition, in addition to its access to liquidity (with the upside of treasury shares) and lines of credit approved by credit institutions but not drawn down are circumstances that mitigate potential financial risk. Accordingly, there are not believed to be any material impacts on business continuity.

In response to Covid-19, the Company promptly updated its Risk Assessment Document, and specifically its procedures, to comply with the rules and recommendations issued by the authorities. In particular, the Company adopted the measures indicated in the decrees of the President of the Council of March 8, 2020 and March 11, 2020, in addition to complying with – to the extent relevant to its business – the instructions set out in the memorandum signed on March 14, 2020 by the Italian central government and trade unions to protect the health and safety of workers against possible infection with the novel coronavirus by ensuring a healthy work environment.

In further detail, the Company informed all employees of the instructions issued by the authorities by e-mail, in addition to notices posted at the entrances of the most frequently used areas. In addition to this information, further instructions helpful in combating the spread of the epidemic were also provided. The Company also suspended and cancelled all business travel, both within Italy and internationally, even where already agreed or organised, and physical meetings are only allowed – subject to authorisation by the management – where urgent or necessary for the Company to fulfil its obligations, and in any event with a reduced number of attendees.

Among the most important measures taken, the Company began to implement remote work as early as February 24, gradually extending it to approximately 98% of its employees and keeping only minimum staff for the critical infrastructure (i.e., data centres) that the Company uses to provide its ongoing services to its clients. Working locations deemed non-essential have also been closed.

Protection of personal data

In accordance with attachment B, point 26, of Legislative Decree 196/2003 in relation to the protection of personal data, the directors report that the parent company has introduced adequate measures for the protection of personal data. Following the removal of the obligation to update the Security Policy Document by March 31 each year (article 45, letter (c), Legislative Decree number 5 of February 9, 2012), WIIT has retained the most recent version of the Security Policy Document, dated 30/03/2011. It has also continued to manage other security measures, focusing particularly on authentication credentials, authorisation systems, and periodic updates to appointee profiles, following the designated procedure "Logical access and user management". This can be found at the registered office of the company, is certified in accordance with ISO20000 and ISO27001, and is freely available for consultation at the registered office of the Company. In 2018 Wiit S.p.A. achieved compliance with European Regulation 2016/679 on privacy (GDPR).

Proposal for the allocation of the result

In the light of the consolidated net profit of Euro 5,250,031, the Parent Company proposes that a maximum of Euro 3,978,099 of its net profit of Euro 6,240,515 be allocated to dividends to be distributed to shareholders (Euro 1.50 per share), for each Wiit share, except for the treasury shares held on the ex-dividend date, on which no dividends will be distributed, and that the remainder be carried forward as retained earnings.

Milan, 19/03/2020

On behalf of the Board of Directors
The Chairman
(Riccardo Mazzanti)

ANNUAL REPORT 2019

*Consolidated Financial
Statements*



Company:	Wiiit S.p.A.
Registered office:	Milan, Via dei Mercanti No.12
Tax and VAT No.:	01615150214
Share Capital:	Euro 2,652,066.00 fully paid-in
Milan Companies Registration Office	No. 01615150214
R.E.A. No.	1654427
Number of shares	2,652,066

CONSOLIDATED BALANCE SHEET

<i>Euro</i>	Note	31.12.19	Restated (*) 31.12.18
ASSETS			
Intangible assets	1	13,341,905	6,718,275
Goodwill	2	17,604,960	10,551,265
Property, plant and equipment	3	3,208,450	3,955,437
Other tangible assets	3	10,147,369	9,867,552
Right-of-use	3	5,706,817	1,326,694
Deferred tax assets	15	727,459	685,410
Equity investments and other non-current financial assets	4	60,861	68,062
Other non-current assets deriving from contracts	5	440,499	709,823
Other non-current assets	5	291,779	333,666
NON-CURRENT ASSETS		51,530,099	34,216,184
Inventories	6	82,628	-
Trade receivables	7	6,442,595	4,699,371
Trade receivables from associates	7	35,567	460,965
Current financial assets	8	-	-
Current assets deriving from contracts	8	269,325	329,904
Other receivables and other current assets	8	2,325,204	1,404,458
Cash and cash equivalents	9	11,836,359	17,930,107
CURRENT ASSETS		20,991,678	24,824,805
TOTAL ASSETS		72,521,777	59,040,989

Euro	Note	31.12.19	Restated (*) 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		530,414	513,214
Other reserves		(9,305,339)	(4,921,971)
Reserves and retained earnings		2,273,488	1,241,408
Translation reserve		11,579	13,698
<i>Group net profit</i>		5,007,793	3,344,738
<i>Group Shareholders' Equity</i>		20,418,705	22,091,857
Non-controlling interest capital and reserves		-	-
<i>Non-controlling interest net profit</i>		242,238	-
<i>Non-controlling interest shareholders' equity</i>		242,238	0
TOTAL NON-CONTROLLING INTEREST & GROUP SHARE. EQUITY		10 20,660,943	22,091,857
Payables to other lenders	11	6,611,209	4,801,538
Bank payables	12	7,192,300	6,144,430
Other non-current financial liabilities	13	12,890,437	6,397,259
Employee benefits	14	1,983,999	1,259,295
Deferred tax liabilities	15	2,872,152	1,328,643
Non-current liabilities deriving from contracts	16	851,125	1,339,529
Other payables and non-current liabilities	16	8,394	0
NON-CURRENT LIABILITIES		32,409,616	21,270,694
Payables to other lenders	11	4,000,234	3,922,970
Current bank payables	12	5,443,457	3,817,932
Current income tax liabilities	17	715,453	669,451
Other current financial liabilities	13	1,479,663	1,410,000
Trade payables	18	4,478,794	3,802,103
Trade payables to associates	18	42,293	-
Current liabilities deriving from contracts	19	488,404	765,604
Other payables and current liabilities	19	2,802,920	1,290,378
CURRENT LIABILITIES		19,451,218	15,678,438
LIABILITIES HELD-FOR-SALE		0	0
TOTAL LIABILITIES		72,521,777	59,040,989

CONSOLIDATED INCOME STATEMENT

<i>Euro</i>	Note	2019	Restated (*) 2018
REVENUES AND OPERATING INCOME			
Revenues from sales and services	20	33,726,729	24,391,369
Other revenues and income	21	184,729	845,726
Total revenues and operating income		33,911,458	25,237,095
OPERATING COSTS			
Purchases and services	22	(15,237,262)	(10,263,621)
Personnel costs	23	(6,228,704)	(4,677,486)
Amortisation, depreciation, and write-downs	24	(6,903,267)	(5,318,664)
Provisions		-	-
Other costs and operating charges	25	(381,993)	(309,479)
Change in Inventories	26	65,912	-
Total operating costs		(28,685,314)	(20,569,250)
EBIT		5,226,144	4,667,845
Income (Charges) from Equity Method	27	(7,200)	-
Financial income	28	251,945	6,941
Financial expenses	29	(439,221)	(508,034)
Exchange gains/(losses)	30	(40,020)	(89,545)
PROFIT BEFORE TAXES		4,991,648	4,077,207
Income taxes	31	258,383	(732,469)
NET PROFIT FROM CONTINUING OPERATIONS		5,250,031	3,344,738
Net profit from discontinued operations		-	-
NET PROFIT		5,250,031	3,344,738
<i>Group Net Profit for the year</i>	10	5,007,793	3,344,738
<i>Non-controlling interest net profit</i>	10	242,238	-
Earnings per share			
<i>Basic earnings per share (Euro per share)</i>		1.95	1.31
<i>Diluted earnings per share (Euro per share)</i>		1.95	1.31

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

<i>Euro</i>	Restated (*)	
	2019	2018
NET PROFIT	5,250,031	3,344,738
Items not reclassified subsequently to the income statement		
Actuarial gains (losses) on employee benefits	(110,897)	(40,780)
Tax effect on actuarial gains (losses)	29,358	11,377
Items reclassified subsequently to the income statement on meeting certain conditions:		
Losses from conversion of accounts of overseas companies	(2,119)	(64,573)
TOTAL COMPREHENSIVE INCOME	5,166,373	3,250,762

(*) The amounts at December 31, 2018 have been restated to take into account the net assets identified following the completion of the purchase price allocation process of the company Adelante, acquired on July 18, 2018, whose values had therefore not been included in the financial statements at December 31, 2018, in accordance with IFRS 3. For further details, please refer to the paragraph "Business combinations" and Note 32, "Reconciliation of balances restated for 2018".



STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Euro	Share capital	Share premium reserve	Legal reserve	Treasury shares acquired reserve	Other reserves	Translation reserve	Retained earnings	Net Result	Group Shareholders' equity	Non-controlling interest shareholders' equity	Total
Shareholders' Equity at 31.12.2017	2,566,074	19,248,704	414,408	(320,144)	(569,895)	(50,875)	329,407	3,137,084	24,754,763		24,754,763
<i>Net result* Restated</i>								3,344,738	3,344,738		3,344,738
<i>Other comprehensive income</i>					(29,402)	64,573			35,171		35,171
Comprehensive net income * Restated					(29,402)	64,573		3,344,738	3,379,909		3,379,909
Allocation of 2018 result											
<i>Legal reserve</i>			98,806					(98,806)	0		0
<i>Dividends paid</i>								(2,126,277)	(2,126,277)		(2,126,277)
<i>Carried forward</i>							912,001	(912,001)	0		0
Acquisition of treasury shares				(2,961,864)					(2,961,864)		(2,961,864)
FTA reserve first application new standards					(1,237,271)				(1,237,271)		(1,237,271)
Maturation Performance Shares	85,992				196,605				282,597		282,597
Shareholders' Equity at 31.12.2018 * Restated	2,652,066	19,248,704	513,214	(3,282,008)	(1,639,963)	13,698	1,241,408	3,344,738	22,091,857		22,091,857
<i>Net Result</i>								5,007,793	5,007,793	242,238	5,250,031
<i>Other comprehensive income</i>					(81,538)	(2,119)			(83,657)		(83,657)
Total comprehensive income					(81,538)	(2,119)		5,007,793	4,924,136	242,238	5,166,374
Allocation of 2018 result											
<i>Legal reserve</i>			17,200					(17,200)	0		0
<i>Dividends paid</i>								(2,328,575)	(2,328,575)		(2,328,575)
<i>Carried forward</i>							998,963	(998,963)	0		0
Acquisition of treasury shares				(4,308,026)					(4,308,026)		(4,308,026)
Other changes					6,196		33,115		39,312		39,312
Group Shareholders' Equity at 31.12.2019	2,652,066	19,248,704	530,414	(7,590,034)	(1,715,305)	11,579	2,273,488	5,007,793	20,418,704	242,238	20,660,942

(*) The amounts at December 31, 2018 have been restated to take into account the net assets identified following the completion of the purchase price allocation process of the company Adelante, acquired on July 18, 2018, whose values had therefore not been included in the financial statements at December 31, 2018, in accordance with IFRS 3. For further details, please refer to the paragraph "Business combinations" and Note 32, "Reconciliation of balances restated for 2018".

CONSOLIDATED CASH FLOW STATEMENT - Euro	31.12.2019 Consolidated	31.12.2018 Consolidated Restated
Net profit from continuing operations	5,250,031	3,344,738
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	6,903,267	5,318,664
Financial assets adjustments	7,200	(256,917)
Change in employee benefits	118,387	118,915
Financial expenses	439,221	508,034
Income taxes	(258,383)	732,469
Other non-cash changes (deferred tax assets/liabilities)	(116,430)	427,360
Cash flow generated from operating activities before working capital changes	12,343,293	10,193,262
<i>Changes in current assets and liabilities:</i>		
Decrease (increase) in inventories	(65,912)	0
Decrease (increase) in trade receivables	338,578	490,663
Decrease (increase) in tax receivables	0	0
Increase (decrease) in trade payables	(431,625)	(83,138)
Increase (decrease) in tax payables	(345,740)	607,657
Decrease (increase) other current assets	115,133	(819,217)
Increase (decrease) in current liabilities	784,717	329,439
Decrease (increase) in other non-current assets	50,454	20,942
Increase (decrease) in other non-current liabilities	2,109	(120,000)
Decrease (increase) in assets deriving from contracts	329,904	(406,294)
Increase (decrease) in liabilities deriving from contracts	(765,604)	(288,765)
<i>Cash flow generated from operating activities</i>		
Income taxes paid	(847,332)	(1,196,551)
Interest paid/received	(288,394)	(251,117)
Cash flow generated from operating activities (A)	11,219,581	8,476,880
Net increase intangible assets	(1,617,498)	(1,131,227)
Net increase tangible assets	(3,957,512)	(5,081,345)
Cash flows from business combinations net of cash and cash equivalents	(3,480,722)	(3,504,367)
Cash flow used in investing activities (b)	(9,055,732)	(9,716,939)
New financing	7,000,000	6,000,000
Repayment of loans	(4,680,798)	(3,866,450)
Drawdown of payables from other lenders	1,061,467	3,368,732
Finance lease payables	(3,591,666)	(2,658,436)
Payment of deferred fees for business combinations	(1,410,000)	(100,000)
Distribution dividends	(2,328,575)	(2,126,277)
Acquisition of treasury shares	(4,308,026)	(2,961,864)
Cash flow used in financing activities (c)	(8,257,597)	(2,344,294)
Net increase/(decrease) in cash and cash equivalents a+b+c	(6,093,748)	(3,584,353)
Cash and cash equivalents at end of year	11,836,359	17,930,107
Cash and cash equivalents at beginning of year	17,930,107	21,514,460
Net increase/(decrease) in cash and cash equivalents	(6,093,748)	(3,584,353)

(*) The amounts at December 31, 2018 have been restated to better represent the cash flows of certain assets, in particular the cash flows from the management of financial assets and investments with reference to the acquisition of Adelante S.r.l. and for -Euro 3.6 million and -Euro 17.4 million respectively

Notes to the consolidated financial statements at December 31, 2019

The WIIT Group is a Cloud Computing enterprise with a key focus on the provision of IT infrastructure tailored to the specific needs of customers (mainly through the “Managed Hosted Private Cloud” and “Hybrid Cloud”) and the provision of infrastructure configuration, management and control services which guarantee uninterrupted functionality and availability. With approx. 163 employees, the Group reports total revenues of Euro 33.9 million in 2019. These consolidated financial statements were authorised for publication by the Board of Directors on March 19, 2020.

GROUP STRUCTURE

Parent

- WIIT S.p.A.

Direct and indirect subsidiaries and Group holdings

At December 31, 2019, the WIIT Group comprised five companies:

- i) WIIT S.p.A., the consolidating company, a joint-stock company incorporated in Italy with registered office in Via dei Mercanti No.12, Milan and share capital of Euro 2,652,066, and its subsidiaries
- ii) WIIT Swiss S.A., a company incorporated in Switzerland with registered office in Dottikon - Bleicheweg 5 (CH) and share capital of CHF 100,000, wholly-owned,
- iii) Adelante S.r.l., a limited liability company incorporated in Italy with registered office in Via Sandro Pertini 7, Bagno a Ripoli (FI) and share capital of Euro 119,900, wholly-owned,
- iv) ICT Watcher Sh.p.k. with registered office in Rruga Abdyl Frasherri, building 8, Tirana, an Albanian registered company and share capital of Lek 10,000, wholly-owned by the subsidiary Adelante S.r.l..
- v) Matika is a joint-stock company incorporated in Italy with registered office in Via Viale Arnaldo Fusinato, 8, 36100 Vicenza and share capital of Euro 120,000, held 60%.

The companies operate in the same business as the parent company WIIT S.p.A..

On July 18, 2018, the full acquisition was completed of the Adelante Group, a company operating in the same business as the parent Wiit S.p.A. and specialising in the digital transformation of medium-sized enterprises, particularly the provision of Cloud Computing services, managed services, managed security, business process outsourcing and unified communication. In June 2019, the preliminary sales contract of the company Matika S.p.A., hereafter “MATIKA”, was signed, completed through notary deed of July 4, 2019. The agreements stipulated the initial acquisition of a 60% majority holding in MATIKA for consideration of approx. Euro 6.1 million, to which 60% of the net financial position at the execution date was added, for total consideration of Euro 7.2 million.

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

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.

On October 15, 2019, the consolidating company completed the merger by incorporation of Foster, owner of a document management platform through which the Group provides, inter alia, enterprise information management and digital business process outsourcing services.

For further details on the accounting effects of the above acquisitions, reference should be made to the "Business Combinations" note.

ACCOUNTING POLICIES

Declaration and basis of preparation

The consolidated financial statements of Wiit S.p.A. were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. IFRS include also all applicable International Accounting Standards (IAS). They are prepared in Euro (the operational currency of the Group). They consist of the balance sheet, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the cash flow statement and these explanatory notes.

The financial statements were prepared on a going concern basis. 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. Therefore, no uncertainties have emerged in relation to events or circumstances which, considered individually or as a whole, could give rise to doubts as to the company's ability to continue as a going concern.

This document is compared with the previous consolidated financial statements, drawn up according to uniform criteria; the financial year, which has a duration of 12 months, concludes on December 31.

Financial Statements

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

- a consolidated balance sheet which separately presents current and non-current assets and current and non-current liabilities;
- a consolidated income statement that expresses costs using a classification based on their nature;
- a comprehensive consolidated 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 Statement of Changes in Consolidated Shareholders' Equity presenting the changes in consolidated shareholders' equity over the last two years
- a consolidated 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. In particular, the Wilit Group's classification of income statement items by nature complies with the management reporting methods adopted within the Group and is therefore considered more representative than the presentation by destination, providing more reliable and relevant information for the sector in question.

Consolidation scope

The Consolidated Financial Statements of the Wilit Group include the annual figures for Wilit 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 Statements.

The companies over which Wilit 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.

Compared to December 31, 2018, the consolidation scope changed following the acquisition of Matika S.p.A. in July 2019, as outlined in the previous paragraph.

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. Subsidiaries are consolidated on a line-by-line basis from the acquisition date.

The criteria adopted for the consolidation were as follows:

- a) the assets and liabilities, the income and charges of the financial statements consolidated are included in the financial statements of the Group, without consideration of the holding in the subsidiary. In addition, the carrying amount of equity investments has been eliminated against the corresponding share of shareholders' equity attributable to 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). This is mainly the Euro. 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 (currently not considered significant) 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 31.12.19	Average 2019
Swiss Franc	1.085	1.112
Lek	122.05	123.02

Accounting policies

The main accounting policies adopted in the preparation of the financial statements at December 31, 2019, unchanged compared to the previous year, are as follows:

BUSINESS COMBINATIONS

Business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is recognised at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Company at the acquisition date and of the equity instruments issued in exchange for control of the company acquired.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; the following items form an exception, which are instead valued according to the applicable standard:

- deferred tax assets and liabilities;
- assets and liabilities for employee benefits;
- liabilities or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued to replace contracts of the entity acquired;
- assets held-for-sale and discontinued assets and liabilities.

Goodwill is calculated as the excess of the amounts transferred to the business combination, of the value of non-controlling interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of any non-controlling interest and the fair value of any holding previously held in the acquired company, this excess ("Negative goodwill") is immediately recorded to the income statement as income deriving from the transaction concluded.

The share of equity attributable to non-controlling interests, at the acquisition date may be measured at fair value (taking account of any options or any rights held by third parties) or in proportion to the acquiree's recognised net assets. The valuation method is chosen on the basis of each individual transaction.

The costs related to business combinations are recognised in the income statement.

Any liabilities related to business combinations for payments subject to conditions are recognised at the estimated fair value at the acquisition date of the businesses and business units relating to the business combination.

Where all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

With regard to acquisitions prior to adopting IFRS, the Company has exercised the option provided by IFRS 1 not to apply IFRS 3 relating to business combinations to acquisitions prior to the transition date. As a consequence, the goodwill arising from a business combination in the past is not adjusted and recorded at the value determined on the basis of the previous accounting standards, net of the accumulated amortisation up to December 31, 2013, the date of transition to international accounting standards of the parent company and any impairments.

2019 MATIKA S.p.A.

On July 4, 2019, the Group acquired control of the company Matika S.p.A.. The company operates in the same business as the parent company Wiit S.p.A., engaged specifically in the provision of IT services, mainly managed infrastructure services and Cloud services.

The agreements to acquire control stipulates the initial acquisition of a majority holding of 60% in the share capital of MATIKA, for consideration of Euro 7.2 million (of which Euro 6.4 million already paid at December 31, 2019 and with the remaining Euro 0.8 million to be paid as deferred consideration). The transaction costs total Euro 244 thousand and were entirely expensed to the income statement during the year.

For the acquisition of the residual 40% put and call options were stipulated, to which variable price components are linked ("earn out"), subject to the achievement of set MATIKA earnings objectives, exercisable respectively in the periods of 90 days subsequent to approval of the financial statements of Matika at December 31, 2020 and 2021.

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 company, 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 (revenues from customers generated by Matika but managed by the Parent Company Wiit).

The total value of the option including the discounting effect (determined using the Income Approach, based on a comparison between the method of discounted future cash flows deriving from the subsidiary and a contractual calculation) was determined as Euro 7.1 million, considering as probable the achievement of all the objectives of the contract mentioned above, with the exception of the synergies expected from the increase in revenues (which would have generated a component equal to Euro 1.5 million), which at

present cannot be forecast and determined and considering as net financial position at the end of the period of exercise of the options, the same value as at the acquisition date. With reference to the 2019 objectives included in the valuation of the options, it should be noted that they have been achieved to date.

Following the put-option, the values of non-controlling interests have been reversed from shareholders' equity and an estimated financial liability for gross liability has been recorded.

The payment of the consideration for the acquisition of the initial 60% was in cash, drawing on WIIT's available liquidity. The payment of the consideration for the residual 40% from the exercise of the options can 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 values of the transaction are presented below.

in Euro	Fair Value of Net Assets Acquired
Intangible assets	6,358,904
<i>of which Business List</i>	6,009,782
Property, plant and equipment	4,185
Other tangible assets	1,118,516
Right-of-use	449,231
Deferred tax assets	58,840
Other non-current assets	8,567
Inventories	16,715
Trade receivables	1,731,440
Other receivables and other non-current assets	20,415
Cash and cash equivalents	2,918,212
Payables to other lenders - current	(351,942)
Non-current bank payables	(182,181)
Employee benefits	(561,971)
Deferred tax liabilities	(1,676,729)
Other payables and non-current liabilities	(6,286)
Payables to other lenders	(115,851)
Current bank payables	(172,012)
Current income tax liabilities	(481,993)
Trade payables	(1,150,609)
Other payables and current liabilities	(727,825)
Total net assets acquired (fair value) (a)	7,257,625
Consideration for acquisition of control, including deferred consideration (b)	7,243,642
Fair value of the minority shares acquirable through put&call option (c)	7,067,680
GOODWILL (b-a+c)	7,053,696
Payments made	(6,398,934)
Cash acquired	2,918,212
NET CASH FLOWS for Matika business combination	(3,480,722)
Deferred consideration for 60% acquisition	844,708
Financial liabilities from put&call	7,067,680
Total financial liabilities for Matika business combination	7,912,387

As indicated in the above table, the transaction was recognised according to the “acquisition method” from the date of acquisition of control, considering the fair value of the minority interest (NCI), therefore according to the full goodwill method. Minority interests have been valued consistently with the put&call options used for the future purchase.

The surplus value generated by the acquisition has been allocated for Euro 6,010 thousand to intangible assets as Business list for which a useful life of 20 years has been determined and the remaining part for Euro 7,054 thousand to goodwill, related to both the cost and process synergies and the economies of scale that this acquisition will generate in the future for the Wiit Group.

Goodwill is not deductible for tax purposes. The allocation also generated deferred taxes amounting to Euro 1,677 thousand, calculated on the value identified for the Business List.

In addition to that identified and reported in the table, no contingent liabilities have been identified in accordance with paragraph 85 of IAS 37.

Finally, it should be noted that the fair value of the receivables identified includes a doubtful debt provision of Euro 38 thousand, corresponding to the amount considered non-recoverable (expected loss).

For the determination of the price allocation, the Group utilised an outside consultant. The allocation amounts were final at December 31, 2019

In the period between the date of acquisition of control by the Group and the closing date of the Consolidated Financial Statements at December 31, 2019, the Company reported total revenues of Euro 3.7 million and a net profit of Euro 0.6 million. The revenues and net profit for the year generated by Matika in 2019, if it had been acquired and consolidated from January 1, 2019, would have amounted to Euro 8.2 million and Euro 1 million respectively.

2018 Gruppo Adelante S.r.l. - final determination of Purchase Price Allocation

On July 18, 2018, the Group acquired control of the Adelante Group, a company operating in the same business as the Parent Company Wiit S.p.A., particularly in the IT services sector, mainly related to the provision of Cloud Computing services, managed infrastructure services, managed security and business process outsourcing.

The acquisition was made by acquiring 100% of the Group's share capital for total consideration of Euro 12.6 million, including the deferred and variable part (ear-out).

The allocation of the acquisition price, which was provisional as at December 31, 2018, was made definitive in 2019. The company used an external consultant to determine the price allocation. The allocation amounts were therefore final at December 31, 2019. Completing the valuation, the final goodwill of Euro 7,054 thousand reflects (previously Euro 7,097 thousand) both the final determination of the acquisition price (previously determined at Euro 8,789 thousand) and the valuation process that led to the determination of the value of the Business List and the recording of deferred taxes of Euro 1,173 thousand.

The balances at December 31, 2018 have been restated accordingly. For further details on the restatement of the 2018 balances, please refer to note 32.

The reference values of the transaction after the final price allocation are presented below.

in Euro	Fair Value of Net Assets Acquired
Intangible assets	4,212,229
<i>of which Business List</i>	4,205,326
Property, plant and equipment	388,355
Other tangible assets	89,011
Right-of-use	123,712
Equity investments and other non-current financial assets	70,026
Deferred tax assets	8,303
Other non-current assets	18,977
Trade receivables	896,907
Trade receivables from group companies	127,652
Other receivables and other current assets	93,763
Cash and cash equivalents	2,271,207
Payables to other lenders	(299,105)
Employee benefits	(155,796)
Deferred tax liabilities	(1,181,256)
Payables to other lenders	(95,118)
Current bank payables	(4,935)
Current income tax liabilities	(160,058)
Trade payables	(1,577,297)
Payables to group companies	(13,832)
Other payables and current liabilities	(206,250)
Total net assets acquired (fair value) (a)	4,606,498
Consideration for acquisition of control including earn-out (contingent consideration) (b)	12,636,723
<i>of which discounted basic fee</i>	8,272,248
<i>of which earn-out consideration (Contingent consideration)</i>	4,364,475
GOODWILL (b-a)	8,030,224
Payments made in 2018	(4,929,464)
Cash acquired	2,271,207
NET CASH FLOWS for Adelante Group 2018 business combination	(2,658,256)
Consideration paid 2019	(1,310,000)
Cash flow 2019 for deferred payment classified as cash flow from financing activities	(1,310,000)
Residual deferred fee including discounting effect.	6,457,713
Total financial liabilities for Adelante Group business combination	6,457,713

As indicated in the above table, the transaction was recognised according to the “acquisition method” from the date of acquisition of control. The acquisition contract also provided for variable earn-out payments (*contingent consideration*) upon the achievement of certain results and in particular the amount of the deferred payments (earn-out) based on the future

results of the Adelante Group were determined considering the results of the plans prepared at the time as likely to be achieved. The contract provided for the achievement of different levels of Ebitda (minimum and maximum) for the years 2018, 2019, 2020 and 2021 which would determine the value of the earn-out. This value could be determined up to a maximum amount (cap) of Euro 4.5 million. Given that the results are within the maximum range of probable realization, the maximum value of the earn-out provided for in the contract (discounted) was considered. Finally, it should be noted that the 2018 and 2019 results consistent with the maximum earn-out range have been achieved to date.

The surplus value generated by the acquisition has been allocated for Euro 4,205 thousand to intangible assets as a Business list for which a useful life of 20 years has been determined and the remaining part for Euro 8,030 thousand to goodwill, related to both the cost and process synergies and the economies of scale that this acquisition will generate in the future for the Wilit Group. Goodwill is not deductible for tax purposes. The allocation also generated deferred taxes amounting to Euro 1,173 thousand, calculated on the value identified for the Business List.

The fair value of the receivables identified includes a doubtful debt provision of Euro 20 thousand, corresponding to the amount considered non-recoverable (expected loss).

In addition to that identified and reported in the table, no contingent liabilities have been identified in accordance with paragraph 85 of IAS 37.

Other – Acquisizione Foster S.r.l.

In 2018, the company acquired 65.03% of Foster S.r.l., held by the shareholder Wilit Fin S.r.l., for a price of Euro 850 million (substantially equal to the amount recognised of the investment in Wilit Fin S.r.l.), merged by incorporation into Wilit S.p.A. in 2019, resulting in its full acquisition. This acquisition, which in 2018 absorbed cash, net of cash and cash equivalents acquired, of Euro 0.8 million, is classified to “Cash flows from business combinations net of cash and cash equivalents” in the 2018 cash flow statement.

Acquisition subsequent to year-end

On January 15, 2020, Wilit S.p.A. signed agreements for the gradual acquisition of 100% of the share capital of Etaeria S.r.l. (“Etaeria”), a Kelyan Group company providing cloud and cyber security services, in addition to the acquisition of the Aedera S.r.l. (Kelyan Group) business unit, provider of IT services and solutions for the digitalisation of companies in SAAS mode (the “Aedera Business”).

The agreements stipulate the initial acquisition of a 60% majority holding in Etaeria for consideration of approx. Euro 3.5 million, in addition to the variable price component subject to the achievement of the 2019 full-year earnings objectives. The acquisition of the Etaeria shares also involves the payment of an advance for the acquisition of the residual 40%, for which put and call options are stipulated, to which variable price components are linked (“earn out”), subject to the achievement of set Etaeria earnings objectives.

In relation to the Aedera business unit, the consideration amounted to approx. Euro 1.4 million, in addition to the variable price component (earn out) for approx. Euro 0.9 million, subject to the achievement of the result objectives by the Aedera business unit in the 2019-2022 period, which is currently being quantified.

The above acquisitions, according to the information currently available and subject to further verifications, shall generate accounting value gains and the determination of their fair value (this latter not yet defined), which is expected to be allocated to the Business List, in addition to surpluses between the defined consideration and the fair value of the assets acquired which shall be allocated goodwill.

GOODWILL

The goodwill acquired in a business combination represents the excess of the purchase price compared to the quota of the fair value referring to the value of the current and potential identifiable asset and liabilities. After the initial recording, the goodwill is measured at cost decreased by any impairment loss in value. The goodwill is tested for recovery on an annual basis or more frequently when events or changes occur which may result in a loss in value (Impairment test).

The goodwill deriving from acquisitions made before the transition date to IFRS are maintained at the values resulting from the application of Italian GAAP and this amount is subject to an annual impairment test.

For the purposes of these recoverability analyses, goodwill acquired through business combinations is allocated, from the date of acquisition, to the cash generating unit in which the Group operates. The Group operates through a single CGU.

The CGU to which the goodwill is allocated:

- represents the lowest level within the Group to which the goodwill is monitored at internal management level;
- is not greater than the operating segment, as defined by IFRS 8 "Operating segments".

The loss in value is determined defining the recoverable value of the cash flow generating unit to which the goodwill is allocated. When the recoverable value of the cash flow unit is lower than the book value, a loss in value is recorded: In the case in which the goodwill is attributed to a cash flow generating unit which is partly disposed of, the goodwill associated with the asset sold is considered for the purposes of determining any gain or loss deriving from the operation. In these circumstances, the goodwill sold is measured on the basis of the relative values of the asset sold compared to the assets still held with reference to the same unit.

When all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

INTANGIBLE ASSETS

The intangible assets acquired separately are recorded at cost, while those purchased through business combinations are capitalised at fair value defined at the acquisition date. After initial recognition, the intangible assets are recorded at cost less accumulated amortisation and any loss in value. Intangible assets internally generated, with the exception of development costs, are not capitalised and are recorded in the income statement of the financial year in which they were incurred.

The useful life of the intangible assets is measured as definite or indefinite. The definite intangible assets are amortised over the useful life of the asset and verified for any indications of a possible impairment. The period and amortisation method applied is reviewed at the end of each year or more frequently if necessary. Changes in the expected useful life or of the manner in which the future economic benefits related to the intangible assets are received by the Group are recorded amending the period and method of amortisation, and treated as changes in the accounting estimates.

The amortisation of intangible assets with finite lives is recorded in the income statement under the specific item amortisation of intangible assets.

The useful life attributed to various categories of intangible assets is as follows:

- Business List - 20 years;
- concessions, licenses and trademarks - 5 years;
- other intangible assets - 5 years.

Amortisation begins when the asset is available for use or when it is in the position and condition necessary for it to operate in the manner intended by company management. The gains and losses deriving from the disposal of an intangible asset is measured as the difference between the net sales revenue and the carrying value of the asset and are recorded in the income statement at the moment of the disposal.

Development costs

Development costs are recognised to intangible assets only if the costs may be reliably established, if the Company has the intention and the resources available to complete the assets, the technical aspects of the project may be completed in such a manner to make the products available for use and the volumes and the expected prices indicate that the costs incurred in the development phase may generate future economic benefits.

Capitalised development costs include only those costs that are directly attributable to development.

Development costs are amortised on a straight-line basis, from the commencement of production over the estimated useful life of the product or process (assessed as five years). All other development costs are charged to the income statement when incurred.

Research costs are recognised profit or loss in the year in which they are incurred.

PROPERTY, PLANT & EQUIPMENT

These assets include plant and machinery, equipment and other tangible assets.

These are stated at the cost of acquisition or construction. The cost includes directly attributable ancillary charges. Depreciation, as per IAS 16, is calculated on the basis of uniform rates applied to categories of similar assets and deemed appropriate to allocate the book value of tangible assets over their useful life. The estimated useful life, in years, is as follows:

Plant and Machinery	5 - 10 years
Equipment	7 years
Transport vehicles	4 years
EDP	5 years
Furniture and fittings	8 years
Right-of-use	Duration of contract

Ordinary maintenance costs are charged to the income statement in the year in which they are incurred, costs that increase the value or useful life of the fixed asset are capitalized and depreciated in relation to the residual possibility of use of the fixed assets to which they refer.

RIGHT-OF-USE ASSETS

Assets acquired through leasing contracts are recorded under property, plant and equipment under a specific item called "Right-of-use" for an amount equal to the value of the financial liability determined on the basis of the present value of future payments discounted using the incremental borrowing rate for each contract. The payable is gradually reduced on the basis of the repayment schedule of the principal included in the contractually agreed instalments, while the interest portion is recorded in the income statement and classified under financial charges. The value of the right-of-use recorded is depreciated on a straight-line basis according to the expiry dates of the lease contracts, also taking into account the probability of renewal of the contract if there is an enforceable renewal option. Leases relating to contracts with a duration of 12 months or less and contracts where the underlying asset is of low value are recorded on a straight-line basis in the income statement over the term of the contract.

The non-lease components relating to these assets have been separated and accounted for separately from the lease components.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying value of its intangible and tangible assets to determine if there are indications that these assets have incurred a loss in value. Where such indications exist, the recoverable amount of these assets is estimated to determine the amount of the impairment loss. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Company makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to. In particular, the recoverable value of the cash generating unit that coincides

with the Group is verified through the determination of the value in use. The recoverable value of the CGU - determined using the value in use method - is compared with its carrying amount, which takes into account goodwill and other assets allocated to it. In calculating the value in use, future net cash flows, estimated based on past experience, are discounted to their real value using a net tax rate that reflects the current market valuation in monetary terms and the specific risks of the asset. The main assumptions used for the calculation of the value in use concern the discount rate and the growth rate during the period assumed for the calculation. The growth rates adopted are based on, among other factors, growth forecasts for the specific industrial sector. Changes in sales prices are based on past experience and future market expectations. The Company prepares forecasts of operating cash flows deriving from the most recent Plans prepared by the Directors and approved by the Board of Directors of the Company, makes forecasts for the following three years considering the development of synergies deriving from recent acquisitions and determines the terminal value (present value of the perpetual annuity) on the basis of a medium and long-term growth rate in line with that of the specific sector.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced to the lower recoverable amount, recording the impairment loss in the income statement.

When the reasons for the impairment no longer exist, the carrying value of the asset (or the cash generating unit) – except for Goodwill – is increased to the revised estimate of its recoverable value. The new value cannot exceed the net carrying value if no write-down for impairment had being recorded. The restated values are recognised in the income statement.

INVESTMENTS IN ASSOCIATES

Investments in associates over which significant influence is exercised are accounted for using the equity method.

FINANCIAL ASSETS

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets are classified in the following three main categories: at amortised cost, at fair value recognised to profit/(loss) for the year (FVTPL), at fair value recognised to other comprehensive income (FVOCI).

Financial assets held by the Company are classified in the financial statements as follows:

- Other non-current assets,
- Other non-current assets deriving from contracts
- Trade receivables,
- Trade receivables from associates,
- Current financial assets,
- Current assets deriving from contracts
- Other receivables and other current assets
- Cash and cash equivalents.

Initial recognition is made at fair value. After initial recognition, financial assets that generate contractual cash flows that represent exclusively capital and interest payments are valued at amortized cost, if held for the purpose of collecting the contractual cash flows. Using the amortised cost method, the initial carrying amount is subsequently adjusted to take account of capital repayments, any write-downs and the amortisation of the difference between the repayment value and the initial carrying amount. Amortisation is carried out on the basis of the effective internal interest rate which represents the rate that makes the present value of expected cash flows and the expected initial carrying amount at the time of initial recognition.

Receivables and other financial assets measured at amortized cost are shown net of the related doubtful debt provision.

Financial assets whose business model provides both the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal, are measured at fair value with the effects recognised to OCI. In this case, changes in the fair value of the instrument are recognised in equity, among other components of comprehensive income. The cumulative amount of changes in fair value, recognized in the equity reserve that includes the other components of comprehensive income, is reversed to the income statement when the instrument is derecognised. Interest income calculated using the effective interest rate, exchange rate differences and write-downs is recorded in the income statement.

A financial asset that is not measured at amortised cost or at fair value with the effects attributed to OCI is measured at fair value with the effects recognised to the income statement; financial assets held-for-trading fall into this category. Financial assets sold are derecognized when the contractual rights to obtain the cash flows associated with the financial instrument expire or are transferred to third parties.

The recoverability of financial assets not designated at fair value through profit or loss is assessed according to the Expected Credit Loss Model. In particular, expected losses are generally determined on the basis of the product of: (i) the exposure towards the counterparty, net of the related mitigating factors (known as "exposure at default"); (ii) the probability that the counterparty will fail to discharge its payment obligation (known as the "probability of default"); and (iii) the estimate, in percent terms, of the quantity of the credit that will not be able to be recovered in the event of default (known as "loss given default"),

formulated on the basis of past experience and possible recovery actions (e.g., out-of-court action, litigation, etc.).

RECEIVABLES

Receivables are initially recorded at fair value, which corresponds to their nominal value, and subsequently measured at amortised cost and reduced in the event of impairment. In addition, they are adjusted to their estimated realisable value

through the recording of a special adjustment provision based on the expected loss criterion.

FACTORING OF RECEIVABLES

Receivables transferred following factoring operations are eliminated from the balance sheet only when the related risks and benefits of ownership have been substantially transferred. Non-recourse receivables which do not satisfy these requisites remain on the balance sheet of the Group, even if legally transferred. In this case a financial liability of a similar amount is recorded under liabilities against advances received.

INVENTORIES

Inventories are valued at the lower of purchase or production cost, determined using the FIFO method, and the corresponding market value represented by the amount the company expects to obtain from their sale. The value of inventories is obtained through adjustment of an "obsolescence provision", to take into account goods which have a realisable value lower than cost. It should be noted that inventories are not significant at the balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank deposits, units in liquidity funds and other money market securities that are readily convertible into cash and for which the risk of changes in value is insignificant.

TREASURY SHARES

The treasury shares are recorded as a reduction of shareholders' equity. The purchase, sale, issue, or cancellation of capital instruments of the company do not result in the recording of any gain or loss in the income statement.

PROVISIONS FOR RISKS AND CHARGES

The Group recognises a provision for risks and charges when the risk related to an obligation deriving from a past event is considered probable and a reliable estimate may be made on the amount of the obligation. Provisions are made based on management's best estimate of the cost of fulfilling the obligation at the end of the reporting date and are discounted to their present value when the effect is material. These risks are subject to a high level of complexity and uncertainty, and therefore the amount of the provision for risks and charges is reviewed periodically to reflect the best current estimate of each provision.

FINANCIAL LIABILITIES

Financial liabilities, other than derivatives, are initially recognised at fair value less any transaction costs; they are subsequently recognised at amortised cost using the effective interest rate for discounting purposes, as explained in the previous paragraph "Financial assets". A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities held by the Company are classified in the financial statements as follows:

- Other non-current financial liabilities
- Non-current liabilities deriving from contracts
- Other payables and non-current liabilities
- Other current financial liabilities
- Trade payables
- Trade payables to associates
- Current liabilities deriving from contracts
- Other payables and current liabilities.

The put and call contracts included in the account "Other non-current financial liabilities" granting non-controlling interest shareholders the right to sell their minority interests give rise to a financial liability for the Group at the level of the consolidated financial statements. Such financial liabilities are recognised at fair value, reducing the non-controlling interest in equity. The financial liabilities are then measured at fair value and the relative changes are recorded to the income statement.

PAYABLES

The trade and other payables are initially recorded at cost, which is the fair value of the amount paid less transaction costs. Subsequently, the payables with fixed maturity are measured at amortised cost, using the effective interest method, while those that do not have a fixed maturity are measured at cost. The current payables, on which no interest is applicable, are measured at nominal value. The fair value of the long-term payables was determined discounting

the future cash flows: the discount is recorded as a financial charge over the duration of the payable to maturity.

EMPLOYEE BENEFITS

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The obligation to fund the defined benefit pension plans and the annual cost recognised to the income statement are determined by independent actuarial valuations using the projected unit credit method, on the basis of one or more factors such as age, years of service and expected future remuneration. Actuarial gains and losses deriving from changes to the actuarial assumptions and adjustments based on past experience are debited/credited to equity, through other comprehensive income, in the period in which they arise. Where the calculation of the amount to be taken to equity gives rise to an asset, the amount recognised is limited to the present value of the economic benefits available in the form of reimbursements or reductions of future plan contributions. Defined benefit plan costs are classified to personnel expenses, except for any costs associated with the increase in the present value of the obligation nearer to the payment date which are recognised under financial charges.

TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

The receivables and payables originally expressed in foreign currencies are translated into Euro at the exchange rate when the transaction originated. The differences arising on the collection of receivables and settlement of payables in foreign currencies are recorded in the income statement. Income and charges relating to foreign currency transactions are recorded at the exchange rate at the transaction date.

At the end of the period, the assets and liabilities valued in foreign currencies, with the exception of non-current assets, are recorded at the exchange rates at the balance sheet date and the relative gains or losses on exchange are recorded in the income statement. Where the conversion gives rise to a net gain, it is allocated to a non-distributable reserve until its effective realisation.

REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 requires the recognition and measurement of revenues from contracts with customers according to the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to a customer); (iii) establishment of the transaction price; (iv) the allocation of the transaction price to the performance obligations identified on the basis of the standalone sales price of each good or service and (v) recognition of revenue upon satisfaction of the relative performance obligation (i.e. on the transfer to the customer of the asset or service promised).

The transfer is considered complete when the customer obtains control of the goods or services, which may occur over time or at a point in time. The amount that the entity recognised as revenue should reflect the consideration that it has the right to receive following the exchange of the assets transferred to the customer and/or services provided, recognised upon fulfilment of the contractual obligations.

The Group generates revenue primarily from periodic fees or other ongoing services that are thus recognised over time.

FINANCIAL INCOME

Financial income includes interest income on funds invested and income deriving from financial instruments. Interest income is recorded in the income statement at the moment of maturity, considering the effective yield.

FINANCIAL EXPENSES

Financial expenses include interest expense on financial payables calculated using the effective interest method and bank expenses.

INCOME TAXES

Income taxes include all the taxes calculated on the assessable income of the Company. They are recognised to the income statement, except those relating to accounts directly credited or debited to equity, in which case the tax effect is recognised directly to equity. Other taxes not related to income, such as taxes on property, are included under operating expenses. Deferred taxes are calculated in accordance with the liability method. They are calculated on all the temporary differences between the assessable income of an asset or liability and the relative book value, with the exception of the goodwill not fiscally deductible and of those differences deriving from investments in subsidiaries for which a write-down is not expected in the foreseeable future. Deferred tax assets are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred tax assets and liabilities are offset when the income tax is applied by the same fiscal authority and when there is a legal right of compensation. They are measured at the tax rates that are expected to apply to the period when the temporary difference is reversed in the jurisdiction in which the Company operates.

SEGMENT INFORMATION

For the purposes of IFRS 8 – Operating Segments, the Group activities are identifiable as a single operating segment comprising the Group's business.

USE OF ESTIMATES

The preparation of the financial statements and the relative notes in application of IFRS require that the Management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the balance sheet date. The actual results may differ from such estimates. The estimates are used to value the intangible and tangible assets subject to impairment tests as described above in addition to record provisions for risks on receivables, inventory obsolescence, amortisation and depreciation, write-down of assets, employee benefits, income taxes and other provisions. Specifically:

Recoverability of the value of goodwill and tangible and intangible assets

The impairment testing procedure for goodwill and intangible and tangible assets described under the accounting policies "Impairment of Non-Financial Assets" and "Goodwill" entails, when estimating value in use, the use of assumptions regarding the expected cash flows of the cash-generating unit ("CGU") identified, in reference to the 2019-2022 plan, and the determination of

an appropriate discounting rate (WACC) and long-term growth rate (g-rate). These assumptions are based on the management's expectations of focusing on increasing the sales of certain product families with the greatest margins, improving the absorption of fixed costs, of constantly improving the performances of existing products and of developing innovative products.

In accordance with international accounting standard IAS 36, since this CGU includes goodwill, the Company's management has conducted an impairment test to determine whether the carrying amounts of the CGU's assets in the financial statements as at December 31, 2018 exceed their recoverable amounts.

In this regard, although within the context of general uncertainty created by the spread in 2020 of Covid 19 ("Coronavirus") and the consequent restrictive measures imposed for its containment, currently there is no evidence to indicate that the forecasts for future cash flows used for impairment testing purposes are not current. However, it may not be excluded that the continuation of the current uncertainty may have economic impacts, which at the preparation date of these financial statements can neither be quantified or estimated. It should also be noted that given the coverage from the

impairment tests on the balance sheet amounts recognised, the Directors currently do not consider that any uncertainty exists on their recoverability, although shall constantly monitor this issue for the remainder of the year. Further details of the directors' considerations regarding the spread of the coronavirus are provided in the paragraph "Subsequent events after the year end" of the directors' report.

Impairments of financial assets

The recoverability of financial assets not designated at fair value through profit or loss is assessed according to the Expected Credit Loss Model. In particular, expected losses are generally determined on the basis of the product of: (i) the exposure towards the counterparty, net of the related mitigating factors (known as "exposure at default"); (ii) the probability that the counterparty will fail to discharge its payment obligation (known as the "probability of default"); and (iii) the estimate, in percent terms, of the quantity of the credit that will not be able to be recovered in the event of default (known as "loss given default"), formulated on the basis of past experience and possible recovery actions (e.g., out-of-court action, litigation, etc.).

Employee benefits

The present value of liabilities for employee benefits depends on a series of factors which are determined using actuarial techniques and based on certain assumptions. The assumptions relate to the discount rate, estimates of future salary increases and death and resignation rates. Any change to these assumptions may have significant impacts on the pension benefit liability.

Income taxes

Income taxes for the year represent the sum of current and deferred taxation. Deferred income taxation is recorded on temporary timing difference between the financial statements and the taxable profit, recognised using the liability method. The deferred taxes are calculated based on the fiscal rates applicable when the temporary differences reverse. The deferred tax charges are recognised in the income statement with the exception of those relating to accounts recognised in equity in which case the deferred tax charges are also recognised in equity. Deferred tax assets are recognised when the income taxes are considered recoverable in relation to the taxable profit expected for the period in which the deferred tax asset is reversed. The carrying amount of deferred tax assets is reviewed at the end of the year and reduced, where necessary.

Contingent liabilities

With reference to the estimation of the risk of potential liabilities from litigation, the Directors rely on the communications received on the recovery procedures and litigation communicated by the legal advisors, which represents the Company in the disputes. These estimates are made taking into account the development of the disputes.

The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised to the income statement.

NEW ACCOUNTING STANDARDS



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

The following amendments were applied for the first time by the Group from January 1, 2019:

- 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 “Plan 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 amendment requires the entity to update its assumptions and to remeasure the net liability or asset resulting 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 Group has not modified its existing plans; 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 necessity to apply IFRS 9, including the requirements related to impairment, to the other long-term interests in associates and joint ventures which do not apply the equity method. 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 document addresses the issue of uncertainty over income tax treatments. 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. If the entity believes it is improbable that the tax authorities will accept the tax treatment followed, the entity shall reflect the effect of the uncertainty on the measurement of its current and deferred income taxes. The interpretation does not contain any new disclosure requirements but highlights that an entity should establish whether there will be a need to provide any disclosures based on management considerations relating to any uncertainty over the accounting treatment of taxation, in accordance with IAS 1. The new interpretation has been applied with effect from January 1, 2019. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- 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.

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EU, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY THE GROUP AT DECEMBER 31, 2019

- 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 introduced were approved on November 29, 2019 and apply to all transactions subsequent to January 1, 2020. The directors do not expect this amendment to have effects on the Group consolidated financial statements.
- On March 29, 2018, the IASB published an amendment to the “References to the Conceptual Framework in IFRS Standards”. The amendment is effective from periods beginning on or after January 1, 2020, although early application is permitted. The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in developing the IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, thus providing useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in developing accounting policies when

- no IFRS standard is applicable to a particular transaction and, more generally, helps stakeholders to understand and interpret the Standards.
- The directors do not expect this amendment to have effects on the Group consolidated financial statements.
 - The IASB, on September 26, 2019, published the amendment entitled "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". The same amendment to IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment changes some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements on their coverage ratios which are directly impacted by the uncertainties generated by the reform and to which the above derogations apply.
 - The directors do not expect this amendment to have effects on the Group consolidated financial statements.

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

At December 31, 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 certain clarifications on the definition of a 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 satisfy the definition of a business, an integrated set of activities/processes and assets shall include, at the very least, an input and a substantive process which, together, make a significant contribution towards the ability to create outputs. 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"), which allows for the exclusion of the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of activities after January 1, 2020, although advance application is permitted. The Directors are currently assessing the possible effects of introduction of this amendment on the Group's consolidated financial statements.

- On May 18, 2017, the IASB published **IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts**. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The IASB developed the standard in order to eliminate inconsistencies and weaknesses in the existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer. The new standard sets out in addition presentation and disclosure requirements to improve comparability between entities belonging to the same sector. It measures insurance contracts on the basis of a General Model or a simplified version of such, called the Premium Allocation Approach ("PAA"). The main features of the General Model are:
 - the estimates and assumptions of future cash flows always refer to the current portion;
 - the measurement reflects the time value of money;
 - the estimates include an extensive use of observable market information;
 - a current and clear risk measurement exists;
 - the expected profit is deferred and aggregated into groups of insurance contracts on initial recognition; and,
 - the expected profit is recognised in the period of contractual coverage, taking account of adjustments from changes in the assumptions on cash flows for each group of contracts.

The PPA approach involves the measuring of the liability for the residual coverage of a group of insurance contracts on the condition that, on initial recognition, the entity expects that this liability reasonably reflects an approximation of the General Model. Contracts with a coverage period of one year or less are automatically considered appropriate for the PPA approach. The simplifications from application of the PPA method do not apply to the valuation of liabilities for existing claims, which are measured with the General Model. However, it is not necessary to discount these cash flows where it is expected that the balance will be paid or received within one year from the date on which the claim occurred. The entity should apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF). The standard is effective from January 1, 2021, although early application is permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

The Directors do not expect this standard to have a significant impact on the Group consolidated financial statements.

- Amendments to IAS 1 and IAS 8 – “**Definition of Material**” (published on October 31, 2018). The amendments introduce a new definition of the concept of materiality to provide the company with clearer indications as to whether information should be included in their financial statements. The amendments are effective from January 1, 2020, although advance application is permitted.



Main notes to the balance sheet**1. INTANGIBLE FIXED ASSETS**

31/12/2019	31/12/2018	Changes
13,341,905	6,718,275	(6,623,630)

Movements of Intangible Assets during the reporting year:

Description	31/12/2018	Increases	Business combinations	Decreases	Amortisation	31/12/2019
Business List	3,995,060		6,009,782		(510,755)	9,494,087
Concessions and brands	352,885	428,162	348,557	0	(397,236)	732,368
Development Costs	359,716	331,784			(206,218)	485,282
Assets in progress	888,741	958,354		(416,444)	0	1,430,651
Other	1,121,873	388,124		(69,813)	(240,668)	1,199,516
Intangible assets	6,718,275	2,106,425	6,358,339	(486,257)	(1,354,877)	13,341,905

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

Description	Historic cost	Accumulated amortisation	Revaluations	Write-downs	Net value
Business List	4,205,326	210,266	0	0	3,995,060
Concessions and brands	693,932	341,047	0	0	352,885
Development Costs	967,726	608,009	0	0	359,717
Assets in progress	888,741	0	0	0	888,741
Other	1,694,360	572,488	0	0	1,121,872
Other intangible assets	8,450,085	1,731,810	0	0	6,718,275

Business List

The account includes the amounts allocated in connection with the goodwill generated by the acquisitions of Adelante S.r.l. and Matika S.p.A. of Euro 3,785 thousand and Euro 5,709 thousand, respectively, net of accumulated amortisation. Reference should be made to the "Business combinations" paragraph for further details.

Concessions and brands

This account mainly includes the platform developed by Foster, a document software platform relating to EIM services based on the ALFRESCO platform whereby the Parent Company provides EIM services to its customers.

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 development activities is related to a significant degree to implementing 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.

The following activities were undertaken and completed during the year on the basis of assessments performed on systems to improve the security levels of the entire architecture:

- Implementation of patching automation for Windows virtual systems
- Implementations of automatic DB copy management systems

Assets in progress

Among assets in progress, other components of WIIT's security infrastructure are being analysed and rolled out, including:

- Implementation of balancer
- Implementation of segregation technologies and products (NSX, Pluribus)
- Next Generation Firewall integration
- Implementation of patching automation on non-Windows environments

Another project being implemented is “Automated Billing”, which consists of the automation of processes from the standpoint of resource volumes and the relative economic aspects. 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.).

Activities on the SAP S4 system have also been planned in support of the Automatic Billing project to permit the integration and invoicing of the additional volumes recorded.

To continue to provide constantly improving services to its customers, WIIT has set up several projects involving upgrades and development of its infrastructure.

The “Icinga Monitoring” project involves the implementation of a new reporting tool capable of providing customers with greater reporting configurability with more detailed analyses, as often requested by customers. The current monitoring system, NAGIOS, will therefore gradually be replaced by the new tool, ICINGA.

The “Network Virtualisation” project involves the implementation of a new network architecture at proprietary data centres that can easily be integrated with SDN (software-defined network) technologies such as VMWare’s NSX. The new infrastructure will enable the implementation of new features requested by the market, which will eventually be sold to end customers.

The “Cloud Infrastructure Evolution” project involves enhancement and evolution of WIIT’s infrastructure to provide customers with new services, such as:

- vCloud Director
- Pivotal Kubernetes Service

This project also includes enhancement of core devices, with migration to higher-performing technologies.

The “WIIT Platform” project involves the implementation of an IT platform that includes WIIT’s application tools such as Trouble-Ticketing and Assets, in order to create a suite of integrated services that can be sold to customers as modules in support of its main range.

The project calls for integration of all tools currently in use by WIIT and Group companies into the WIIT Platform.

The “Business Intelligence” project will enable WIIT to automate its reporting – currently partly manually generated – and to provide customers with reports that are no longer static, but can be configured as needed.

Several projects were completed in 2019 for the amount of Euro 417 thousand, mainly in connection with the “WIIT Cyber Security Roadmap” and electronic invoicing.

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 competitiveness and market expansion capacity.

Others

The account mainly includes software and licences used by the parent company, primarily investments by the parent company to provide cloud services to its customers. The account also encompasses “deferred charges” such as investments that the Group acquires from parties to implement IT systems.

2. GOODWILL

As at December 31, 2019 the Group had total goodwill of Euro 17,604,960 million allocated to the identified cash-generating unit (CGU) through which the WIIT Group operates.

The goodwill recognised to the financial statements mainly derives from the following transactions:

- 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 thousand;
- the acquisition of the Visiant Technologies (Visiant Group) business unit, which manages the Data center services and infrastructure for an amount of Euro 381 thousand;
- the acquisition of control of Foster S.r.l. through the acquisition of the remaining 65.03% of the share capital in December 2018 and the recognition of the residual consolidation difference to goodwill of Euro 1,206 thousand following the definitive allocation of the acquisition cost to the acquired assets and liabilities;
- the full acquisition of Adelante in July 2018 for Euro 8,030 thousand, for further details of which see the note “Business combinations”;
- the acquisition of 60% of Matika for Euro 7,054 thousand, for further details of which see the note “Business combinations”.

Goodwill is not subject to amortisation; rather, in accordance with the accounting standard IAS 36, it is tested for impairment at least annually by comparing the recoverable amount of the CGU - determined according to the value in use method - with its carrying amount, which takes account of the goodwill and other assets allocated to the CGU.

Considering that identifying a CGU involves a subjective judgement, as indicated in paragraph 68 of IAS 36, the directors of the consolidating entity have confirmed operation on the basis of a single CGU across the Group, inasmuch as it is believed that the Group, even after the acquisitions of Adelante and Matika, constitutes a single set of assets that generate independent cash flows, given that:

- a) it operates in a single strategic business unit relating to the provision of 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;

- b) WIIT, Adelante and Matika's decision-making bodies are comprised almost entirely of the same individuals. Specifically, the Adelante Group's former sole director is a director of WIIT with decision-making responsibility (M&A), whereas WIIT directors also sit on the boards of directors of Adelante and Matika;
- c) Group management has already implemented strategies designed to create synergies and integrate the services offered by WIIT to Adelante and Matika clients and vice versa. Additional integration and synergies relate to infrastructure (data centres), business support services (connectivity, telephony and customer help desk service management), internal resources (of a technical and administrative nature) and administrative consultancy (tax and legal advisors, etc.);
- d) the lease contract for the data centre used by the Adelante Group (which expired in 2019) was not renewed since the data were migrated to the data centres owned by WIIT; the same approach will also be taken for Matika S.p.A.;
- e) investment management is conducted by WIIT, which will also manage both Adelante's investments, and the same strategy will be followed for Matika;
- f) loan management is conducted by WIIT (there are no new loans planned for Adelante and/or Matika during the years covered by the plan);
- g) company management oversees the Group's operations in a unitary fashion, preparing a single reporting set used to take decisions and monitor business performance.

Impairment test

The recoverability of assets with indefinite lives was assessed as at December 31, 2019 in an impairment test conducted on the basis of the 2020-2022 forecast, which was approved by the Board of Directors on March 16, 2020.

The directors conducted the impairment test with support from an independent expert.

The recoverable amount of the CGU was determined as its value in use, calculated as the sum of the discounted future cash flows generated on an ongoing basis by NCE (Unlevered Discounted Cash Flow method). The value in use is based on estimates and assumptions by the directors regarding, *inter alia*, the CGU's expected cash flows according to the 2020-2022 business plan approved by the Board of Directors, the express forecasts in which have been extended by management through 2025 to consider the development of the synergies from the recent acquisitions and sector growth rates, estimated terminal value, the determination of an appropriate discount rate (WACC) of

8.21% and long-term growth rate (g-rate) of 1.2% (OECD estimate of Italian GDP growth).

The values used in calculating the average cost of capital (extrapolated from the main financial sources) are as follows:

- Group financial structure: 13.1% (debt) and 86.9% (equity)
- unlevered beta for the sector: 1.07 (figure provided by ICE Data Services as at March 13, 2020, calculated as the average for the last five years);
- risk-free rate: 1.6%, according to the estimates by Professor P. Fernandez, 2019, for the Italian market;
- risk premium: 6.30% (attributable to the Italian market by Professor Fernandez, 2019);
- Additional risk premium: 1%
- cost of debt: 0.70% (0.92% pre-tax), consistent with the Group's cost of debt.

The significant plan assumptions include revenue growth of approximately 8%-9% per annum on the basis of the past performance of the recurring fee backlog: the Company has a significant backlog, equal to 86% of its estimated revenues for the first year, whereas no increase in the revenues of the project section has been estimated on a prudential basis. Costs have been estimated on the basis of the synergies that will be achieved due to the consolidation of the data centres into WIIT's data centre, compared to the situation at the time of acquisition, involving the purchase of external data centre services by the recent acquirees.

The increase in average EBITDA is also due to the change in the type of revenues of the recently acquired companies that will sell more services, in line with WIIT's service model, than their current standard.

The impairment test did not identify any impairment since the resulting value in use was always found to exceed the carrying amount.

Due to the uncertainty related to the occurrence of any future event, in relation to both whether such events in fact occur and the extent and timing of their occurrence, the value in use of the goodwill is particularly sensitive to any changes in the assumptions underlying the impairment test.

In this regard, with further support from an independent expert the Directors also carried out a sensitivity test to calculate the potential effects of changes in the relevant hypotheses.

With regard to sensitivity, it is noted that:

- the impairment test reaches a break-even level using a WACC of 17.91% (keeping the increase in terminal unchanged at 1.2%, along with all plan assumptions);
- the impairment test reaches a break-even level with a significant reduction of the terminal value EBITDA (keeping all other plan assumptions unchanged) of 28%;
- the impairment test reaches a break-even level using a g-rate of -26.5% (keeping all other plan assumptions unchanged).

The sensitivity analysis thus confirms a high level of coverage.

The directors also believe it to be reasonable to state that despite the strong uncertainty and concerns in terms of the social and economic repercussions of the Covid-19 health emergency, thanks to its business model based on long-term orders and recurring revenues, WIIT does not expect significant impacts on its business; only if this contingent situation extends beyond the first half of the year may an impact be felt in terms of sales related to the acquisition of new customers. However, in the light of the high cover ratio that emerged from the sensitivity analysis, the CGU was not found to have become impaired.

In addition, the sales, profitability and order performance for 2020 confirmed the growth levels underpinning the plan.

3. PROPERTY, PLANT & EQUIPMENT

31/12/2019	31/12/2018	Changes
19,062,636	15,149,685	3,912,951

Movements of Property, Plant & Equipment in the reporting year

Description	31/12/2018	Increases	Business combinations	Decreases	Depreciation	31/12/2019
Right-of-use	1,326,694	5,126,209	449,231	0	(1,195,316)	5,706,818
Property, plant and equipment	3,955,318	176,580	4,185	(4,153)	(923,481)	3,208,450
Other tangible assets	9,867,551	2,628,429	1,118,516	(94,810)	(3,372,317)	10,147,369
Total	15,149,563	7,931,218	1,571,933	-98,963	-5,491,114	19,062,636

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

Description	Historic cost	Accumulated depreciation	Increases	Write-downs	Net value
Right-of-use	2,164,861	838,167		0	1,326,694
Property, plant and equipment	9,065,984	5,110,547		0	3,955,437
Other tangible assets	15,910,555	6,043,005		0	9,867,553
Total	27,141,400	11,991,719		0	15,149,685

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

The "Right-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 contracts. This account includes the rental of properties and the long-term hire of the company vehicle fleet. The increase during the year is mainly due to the long-term rental contract for the new Milan Head Office A at Via Dei Mercanti 12 and the renewal of the contract for the offices at Via Muzio Attendolo detto Sforza 7. The breakdown is as follows:

Description	31/12/2018 (*)	Increases	Business combinations	Decreases	Depreciation	31/12/2019
Right-of-use	1,326,694	5,126,209	449,231	0	(1,195,316)	5,706,818
Rental cars	485,776	260,654			(234,366)	512,064
Property leases	840,918	4,865,555	449,231		(960,950)	5,194,754
Total	1,326,694	5,126,209	449,231	0	(1,195,316)	5,706,818

Description	Historic cost	Accumulated depreciation	Increases	Write-downs	Net value
Right-of-use	2,164,861	838,167	0	0	1,326,694
Rental cars	678,870	193,094	0	0	485,776
Property leases	1,485,991	645,073	0	0	840,918
Total	2,164,861	838,167	0	0	1,326,694

"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, in addition to investments for the new head office.

4. INVESTMENTS IN ASSOCIATES

The investment in the associate Commit S.r.l, measured at equity.

Company	31/12/2019	31/12/2018
Commit	60,861	68,082
Total	60,861	68,082

Associates

Company	City	S.C.	Shareholders' Equity	Profit/(loss)	% held	Value	Changes Carrying amount and S.E.
Commit	Florence	119,000	340,308	53,269	20.00%	60,861	0

Measurement at equity contributed a negative Euro 7,200 to the consolidated result.

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

Contract assets are the part of the costs incurred in advance associated with the right to receive payment in exchange for the goods and services which the Group has transferred to the customer, where the right is conditional on the provision of future goods or services by the entity. They refer to costs incurred for up-front fees for the set-up of the service that with effect from 2019 are managed within periodic fees.

At 31.12.19, this account concerning non-current assets from contracts amounts to Euro 440,499 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.

6. INVENTORIES

The account, amounting to Euro 82,628, refers to products intended for sale.

7. TRADE RECEIVABLES AND TRADE RECEIVABLES FROM ASSOCIATES

The account consists of:

Description	31/12/2019	31/12/2018	Change
Trade receivables	6,836,314	4,989,504	1,846,810
Doubtful debt provision	(393,719)	(290,133)	(103,586)
Total	6,442,595	4,699,371	1,743,224

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

Receivables by region are broken down as follows:

Country	31/12/2019	31/12/2018	Change
Italy	6,661,815	4,725,965	1,935,850
EU countries	121,825	26,221	95,604
Non-EU countries	52,674	237,318	(184,644)
Doubtful debt provision	(393,719)	(290,133)	(103,586)

Total	6,442,595	4,699,371	1,743,224
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The changes in the doubtful debt provision in the year ended December 31, 2019 were as follows:

Balance at 31/12/2018	290,133
Initial provision companies acquired	28,550
IFRS 9 Effect	50,260
Utilisation in the period	0
Provision in the period	24,775
Total	393,719

The provision reflects the expected loss per IFRS 9 of Euro 50,260, determined on the basis of rates tied to country risk and sector risk.

The doubtful debt provision underwent a further increase attributable to the parent company in connection with a partially defaulted account; it was not drawn down during the year.

The breakdown of receivables by due date is outlined below.

Description	31/12/2019	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Beyond 90	Not overdue
Trade receivables	6,836,314	218,255	212,972	274,810	1,330,402	4,799,875
Doubtful debt provision	(393,719)	(2,650)	(1,962)	(2,634)	(307,741)	(78,732)
Total	6,442,595	215,605	211,010	272,176	1,022,661	4,721,143

"Trade receivables from associated companies" due within 12 months amount to Euro 42,293 and concern normal commercial transactions during the period with the associate Commit S.r.l.

8. CURRENT ASSETS FROM CONTRACTS AND OTHER CURRENT ASSETS

Description	31/12/2019	31/12/2018	Change
Assets from contracts	269,325	329,904	(60,579)
Tax Receivables	1,914,738	823,579	1,091,159
Receivables from others	410,466	580,880	(170,414)
Total	2,594,529	1,734,363	860,166

Contract assets are the part of the costs incurred in advance associated with the right to receive payment in exchange for the goods and services which the Group has transferred to the customer, where the right is conditional on the provision of future goods or services by the entity. They refer to costs incurred for up-front fees for the set-up of the service that with effect from 2019 are managed within periodic fees.

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 1,761 thousand, which include the patent box benefit relating to the years 2015-2019, and the IRAP receivable of Euro 100,753. Other receivables mainly refer to advances to suppliers and the employee expense fund.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of Euro 11,836,359 at December 31, 2019 comprise Euro 6,371,725 as current account balances and Euro 5,464,634 from investments in securities without liquidation restrictions. These in particular concern investments in a diversified securities fund in order to obtain the best yield, immediately liquid and subject to insignificant risk of potential changes in value. It should be noted that after the reporting date they were used in full to purchase the controlling shareholdings in Etaeria S.p.A. and the Aedera business line. The divestment entailed an impairment loss of Euro 78 thousand.

10. SHAREHOLDERS' EQUITY

The share capital comprises 2,652,066 shares without nominal value. Subscribed and paid-in share capital did not change during the year. At December 31, 2019, the shares in circulation therefore numbered 2,652,066. The Group share capital is comprised as follows (Article 2427, first paragraph, Nos. 17 and 18, Civil Code).

Shares	Number
Ordinary	2,652,066

Treasury shares

At December 31, 2019, Wiit S.p.A. holds 131,061 treasury shares (4.94% of the share capital), recognised to the financial statements for a total amount of Euro 7,590,034.

In compliance with International Financial Reporting Standards (IFRS), this amount was recognised as a reduction of shareholders' equity.

The amount of Euro 7,590,034, classified to other reserves, concerns the market price of the 131,061 treasury shares which Wiit S.p.A. acquired in the period from November 2017 to July 2018, as part of the treasury share buy-back plan approved by the Shareholders' Meeting of October 18, 2017, and from May 2019 to August 2019, within the framework of the treasury share buy-back plan approved by the Shareholders' Meeting of March 18, 2019.

The buy-back plan is for the acquisition of WIIT S.p.A. shares on the AIM Italia / Alternative Capital Market, including through specialised intermediaries, to be held as treasury shares. Specifically, buy-back plan is intended to provide 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.

Non-controlling interests

Company	Percent non-controlling interests	Local currency	Total assets	Total Net Equity	Net Revenues	Net Profit for the period	Total dividends distributed
MATIKA SPA	40%	EUR	4,685,614	3,541,557	8,269,286	1,010,970	0

Earnings per share

The basic earnings per share is calculated by dividing the profit/loss attributable to the shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the period. Share results and information are shown below for the calculation of basic losses per share.

EARNINGS PER SHARE	2019	2018
Net profit for the year	5,007,793	3,344,738
Average number of ordinary shares, net of treasury shares	2,567,798	2,546,958
Basic earnings per share (Euro per share)	1.95	1.31
Diluted earnings per share (Euro per share)	1.95	1.31

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

	Group Result	Group Shareholders' equity
Parent Company	6,240,515	19,453,961
Adjusted shareholders' equity and results of the consolidated companies attributable to the Group	1,540,516	5.916. 801
Elimination of the net carrying amount of the consolidated investees	-	(4,709,819)
Elimination of dividends from subsidiaries	(2,531,000)	-
Distribution of dividends to non-controlling interests	-	-
Consolidated	5,250,031	20,660,943
<i>Attributable to non-controlling interests</i>	242,238	242,238

Net financial debt

As required by the CONSOB communication of July 28, 2006, the Company's net financial position is shown below:

	31/12/2019	December 31, 2018 Restated (*)
A - Cash and cash equivalents	8,990,107	14,225,320
B - Securities held for trading	0	0
C - Cash & cash equivalents (A)+(B)	8,990,107	14,225,320
D- Current financial assets	647,000	0
E - Current bank payables	(5,273,589)	(3,814,345)
F - Other current financial liabilities	(6,181,406)	(1,410,000)
G - Payables to other lenders	(3,824,059)	(3,250,740)
H - Current financial debt (D)+(E)+(F)+(G)	(14,632,054)	(8,475,085)
I - Current net financial debt (H) - (C)	(5,641,947)	5,750,235
J - Bank payables	(7,092,425)	(6,144,430)
K - Payables to other lenders	(6,075,111)	(4,552,575)
L - Other non-current financial liabilities	(5,822,758)	(6,397,259)
M. Non-current financial debt (J)+(K)+(L)	(18,990,294)	(17,094,264)
N - Net financial debt (I) + (M)	(24,632,240)	(11,344,029)

The net financial position is based on the definition contained in the CESR Recommendation of February 10, 2005: "Recommendations for the uniform implementation of the European Commission regulation on financial statements".

The table below shows the reconciliation of financial assets and liabilities whose cash flows are included within the cash flow statement:

1) Cash flows presented in the Cash Flow Statement

2) For information on business combinations, see the paragraph "Business combinations during the reporting period".

Description	31.12.2018	Cash flow[1]	Long-term - short-term reclassifications	New Funding	Change Consolidation scope[2]	Business combinations	Non-monetary flows		31.12.2019
							Right-of-use	Other changes	
Non-current payables to other lenders	(4,801,538)	0	2,953,897	(1,061,467)	(351,942)	0	(3,350,105)	(54)	(6,611,209)
Non-current bank payables	(6,144,430)	0	3,626,226	(4,491,915)	(182,181)	0	0	0	(7,192,300)
Other non-current financial liabilities	(6,397,259)	0	1,450,837	0	0	(7,912,387)	0	(31,628)	(12,890,437)
Payables to other lenders - current	(3,922,970)	3,591,666	(2,953,897)	0	(115,851)	0	(639,721)	40,539	(4,000,234)
Current bank payables	(3,817,932)	4,680,798	(3,626,226)	(2,508,085)	(172,012)	0	0	0	(5,443,457)
Other current financial liabilities	(1,410,000)	1,410,000	(1,450,837)	0	0	0	0	(28,826)	(1,479,663)
Net liabilities from financing activities	(26,494,130)	9,682,464	0	(8,061,467)	(821,986)	(7,912,387)	(3,989,826)	(19,969)	(37,617,300)
Liquidity	17,930,107	(10,674,493)	0	8,061,467	2,918,212	(6,398,934)	0	0	11,836,359
Net financial debt	(8,564,023)	(992,028)	0	0	2,096,226	(14,311,321)	(3,989,826)	(19,969)	(25,780,941)

11. PAYABLES TO OTHER LENDERS

Description	31/12/2019	31/12/2018	Change
			0
Lease payables	3,042,242	2,023,760	1,018,482
Financial payables	957,992	1,899,210	(941,218)
Total current	4,000,234	3,922,970	77,264
Lease payables	5,190,071	2,751,851	2,438,220
Financial payables	1,421,138	2,049,687	(628,549)
Total non-current	6,611,209	4,801,538	1,809,671
Total	10,611,443	8,724,508	1,886,935

Lease payables include the principal amounts of future leasing charges measured according to the finance method (IFRS 16, partly already recognised under IAS 17), in addition to property and motor vehicle lease contract payables relating to the above Standard.

12. BANK PAYABLES

The bank payables at 31.12.2019 of Euro 12,635,757 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 mortgages or other forms of guarantee and are not subject to any covenants. The current portion is Euro 5,443,457, while the long-term portion is Euro 7,192,300.

ISSUING ENTITY	Current	Non-Current	Total	Maturity	Interest Rate
INTESA SAN PAOLO	503,751	0	503,751	30/10/2020	FIXED 0.75%
CREDITO VALTELLINESE	668,149	505,068	1,173,217	05/07/2021	FIXED 1.22%
CREDITO VALTELLINESE	687,189	74,535	761,724	05/04/2021	FIXED 1.25%
CARIGE	115,885	85,137	201,022	31/07/2021	FIXED 1.30%
INTESA SAN PAOLO	668,132	505,012	1,173,144	14/09/2021	FIXED 0.89%
MONTE DEI PASCHI DI SIENA	400,000	800,000	1,200,000	31/12/2022	EUR6M+0.7%
CREDEM	500,825	630,758	1,131,583	08/01/2022	FIXED 0.67%
INTESA SAN PAOLO	991,224	2,353,717	3,344,940	30/04/2023	FIXED 1.05%
CREDEM	248,126	628,506	876,632	02/04/2023	FIXED 0.75%
CREDITO VALTELLINESE	490,308	1,509,692	2,000,000	05/10/2023	FIXED 1.30%
BANCO BPM	169,868	99,875	269,743	31/07/2021	EUR3M +1.0%
Total	5,443,457	7,192,300	12,635,757		

At December 31, 2019 no hedging or trading financial instruments concerning the above loan contracts were in place and the loan contracts were not subject to any covenants.

13. OTHER FINANCIAL LIABILITIES

Description	31/12/2019	31/12/2018 (*)	Change
Other current payables to third parties	1,479,663	1,410,000	69,663
Other non-current payables to third parties	12,890,437	2,550,000	10,340,437
Total	14,370,100	3,960,000	10,410,100

Other financial liabilities include the amount payable as at December 31, 2019 for the business combination involving the Adelante Group of Euro 6,458 thousand, of which a current portion of Euro 1,435 thousand, and the amount payable as at December 31, 2019 for the business combination involving Matika S.p.A. of Euro 7,912 thousand, of which a current portion Euro 45 thousand. Reference should be made to the "Business combinations" paragraph for further details.

14. EMPLOYEE BENEFITS

Description	31/12/2019	31/12/2018	Change
Liabilities at January 1	1,259,295	918,237	341,058
Employees transferred	475,405	204,374	271,031
Financial expenses	(3,279)	(3,072)	(207)
Service cost	300,905	193,916	106,989
Payments made	(211,496)	(110,637)	(100,859)
Actuarial losses	163,168	56,477	106,691
Total	1,983,999	1,259,295	724,704

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

Financial assumptions

	31.12.2019	31.12.2018
Discount rate	Euro Curve Composite AA on 31.12.19	Euro Curve Composite AA on 29.12.18
Inflation	1.50%	1.50%

Demographic assumptions

	31.12.2019	31.12.2018
Mortality rate	ISTAT 2018	ISTAT 2017
Personnel turnover	10% per year of all ages	10% per year of 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

As required by IAS 19 Revised, the results in terms of DBO and service cost of various analyses of the sensitivity to changes in the main parameters of the Parent Company's assessment are presented below:

IAS 19 Revised sensitivity analysis

Discount rate curve sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,229,947	174,933	1,340,214	191,204

Inflation rate sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,306,205	185,666	1,260,315	179,869

Salary increase sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,299,003	185,863	1,267,553	179,738

Probability of termination of employment sensitivity

Base scenario		+50% Prob. Departure		-50% Prob. Departure	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,212,844	171,507	1,422,641	206,002

Post-employment benefit percent advance sensitivity

Base scenario		+50% Advances		-50% Advances	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,288,760	183,732	1,276,841	181,680

15. DEFERRED TAX ASSETS & LIABILITIES

Description	31/12/2019	31/12/2018 (*)	Change
Deferred tax assets	727,459	685,410	42,049
Deferred tax liabilities	(2,872,152)	(1,328,643)	(1,543,508)
Net position	(2,144,693)	(643,233)	(1,501,459)

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
IFRS 15 temporary differences	(135,257)
Foster temporary differences	84,096
Compensation payment temporary differences	43,200
IFRS 19 temporary differences	39,731
Other temporary differences	10,279
Total deferred tax assets at 31/12/2019	727,459
Economic effect in the period	199,579

The difference between the impact on the balance sheet and the income statement of deferred tax assets is due to the effect of taxes on the actuarial gain/loss to shareholders' equity.

The increase in deferred tax liabilities is related to the purchase price allocation discussed in the paragraph "Business combinations".

16. NON-CURRENT LIABILITIES FROM CONTRACTS AND OTHER NON-CURRENT LIABILITIES

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 December 31, 2019, the account concerns liabilities from contracts (long-term portion) consequent to the application of IFRS 15 for Euro 851,125 attributable to the parent company WIIT S.p.A.

17. CURRENT INCOME TAX LIABILITIES

Description	31.12.19
Treasury withholdings on third-party remuneration	25,593
Treasury IRAP payable	15,450
Treasury IRES and foreign taxes payable	529,558
Treasury IRPEF payable	132,759
VAT payables	12,093
Total	715,453

18. TRADE PAYABLES AND PAYABLES TO ASSOCIATED COMPANIES

The breakdown by region of trade payables is as follows:

Description	31/12/2019	31/12/2018	Change
Italy	4,341,847	3,737,097	604,750
EU countries	100,568	36,620	63,948
Non-EU countries	36,379	28,386	7,993
Total	4,478,794	3,802,103	676,691

"Trade payables" are recorded net of trade discounts; however, cash discounts are recorded upon payment.

"Payables to associated companies" refer to commercial transactions with the subsidiary Comm.it S.r.l.

19. CURRENT LIABILITIES FROM CONTRACTS AND OTHER CURRENT LIABILITIES

Description	31/12/2019	31/12/2018	Change
Current liabilities deriving from contracts	488,404	765,604	(277,200)
Social sec. institutions	575,803	197,073	378,730
Employee payables	996,339	587,447	408,892
Other current payables	1,230,777	505,858	724,919
Total	3,291,324	2,055,982	1,235,342

At December 31, 2019, the account concerns liabilities from contracts (short-term portion), consequent to the application of IFRS 15 for Euro 488,404.

At the beginning of 2020, the payables to employees and to social security institutions were settled according to the scheduled payment deadlines.

Main notes to the income statement

20. REVENUES

In 2019, sales revenues amounted to Euro 33,911,458, increasing Euro 8,674,363 over 2018 revenues of Euro 25,237,095.

Revenues by product line

	2019	%	2018	%
Sale of products	2,792,033	8.23%	1,810,958	7.20%
Provision of services	30,934,697	91.22%	22,580,411	89.50%
Other revenues and income	184,729	0.54%	845,726	3.40%
Total	33,911,458	100%	25,237,095	100%

Revenues by region

Description	2019	2018	Change
Italy	32,503,468	23,900,445	8,603,023
EU countries	217,389	20,452	196,937
Non-EU countries	1,190,601	1,316,198	(125,597)
Total	33,911,458	25,237,095	8,674,363

Non-EU revenues reflect the contribution of sales from the subsidiary Wiit Swiss SA and are essentially in line with 2018.

The change in revenues reflects the contribution of the sales of the subsidiary Adelante, acquired in July 2018, for the entire year, and the contribution of Matika S.p.A., acquired in July 2019.

For a more detailed consideration of market trends over the year, reference should be made to the Directors' Report.

21. OTHER REVENUES AND INCOME

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

22. SERVICES

Description	2019	2018	Change
Purchase of other services from third parties	6,552,869	1,571,774	4,981,095
Purchase of services from associated companies	243,990	365,396	(121,406)
Electricity	386,773	327,725	59,048
Connectivity	1,015,077	759,309	255,768
Property management expenses	94,664	105,773	(11,109)
Product acquisition cost	3,795,717	4,013,837	(218,120)
Company car hire (non-lease component)	178,067	117,830	60,237
Directors	1,762,361	2,080,535	(318,174)
Other	1,207,743	921,441	286,302
Total	15,237,262	10,263,620	4,973,642

The increase in the Purchase of other services from third parties includes approximately Euro 819 thousand in costs relating to the transition to the STAR segment of the MTA and non-recurring costs of Euro 244 thousand, in addition to greater costs incurred for marketing and consultancy, including in connection with being listed on the main market. In 2019 this account increased as a percentage of total revenues and other income compared with 2018.

Product acquisition costs refer to the purchase of software and hardware in support of the service provided to customers.

23. PERSONNEL COSTS

Description	2019	2018	Change
Wages and salaries	4,536,155	3,515,246	1,020,909
Social security charges	1,434,155	994,606	439,549
Post-employment benefits	258,394	167,634	90,760
Total	6,228,704	4,677,486	1,551,218

The average number of Group employees in 2019 was 163, compared to 139 in 2018.

24. AMORTISATION, DEPRECIATION AND WRITE-DOWNS

Amortisation and depreciation have been calculated on the basis of the useful life or duration of use in production of each asset.

The account includes amortisation and depreciation of Euro 6,828,231 and a doubtful debt provision for Euro 75,036.

25. OTHER OPERATING COSTS

“Other operating costs” of Euro 381,993 include residual costs, including banking expenses, charitable donations, penalties and sanctions etc.

26 CHANGES IN INVENTORIES

The account reflects the change in inventories and refers to the subsidiary Matika S.p.A.

27. INCOME (CHARGES) FROM EQUITY METHOD

Measurement at equity contributed a negative Euro 7,200 to the consolidated result.

28. FINANCIAL INCOME

The financial income comprises interest income from current accounts and from securities classified as cash and cash equivalents.

29. FINANCIAL EXPENSES

	2019	2018	Change
Bank interest	108,522	94,490	14,032
Interest expenses on leasing	102,100	115,064	(12,964)
Other financial expenses	228,600	298,480	(69,880)
Total	439,221	508,034	(68,813)

30. EXCHANGE GAINS AND LOSSES

During 2019, the company realised net exchange losses of Euro 40,020, mainly arising following fluctuations in the US Dollar and the Swiss Franc against the US Dollar and the Euro.

31. INCOME TAXES

	2019	2018	Change
Current income taxes	370,562	594,951	(224,389)
Deferred tax income & charges	(112,179)	196,183	(308,362)
Total	258,383	791,134	(532,751)

Current income taxes include IRAP of Euro 107,441, subject to an IRAP patent box benefit of Euro 138,278, and IRES consolidation income of Euro 38,701,

subject to an IRES patent box benefit of Euro 877,186 for the Parent Company, WIIT SpA. For Adelante they include IRAP of Euro 37,785 and IRES of Euro 189,995, whereas for Matika IRES of Euro 173,604 and IRAP of Euro 27,141. The remainder is attributable to the foreign companies Wiit Swiss (Euro 131,103) and ICTW (Euro 16,553).

There are no tax losses carried forward.

Reconciliation of theoretical and current tax charge	Current income taxes in 2019		2019 IRAP	
	Assessable	Tax	Assessable	Tax
Consolidated profit before taxation	4,991,648			
Theoretical tax rate Income taxes (Italy, Switzerland, Albania)	1,157,336	23.19%		
Difference between (A) – (B) consolidated level			9,284,016	
Average IRAP (Lombardy, Veneto, Lazio, Tuscany)				4.36%
Theoretical tax charge		1,157,336		404,783
Temporary differences deductible in future years	297,567	71,416	1,819,339	79,323
Taxable permanent differences	586,180	140,683	3,054,635	133,182
Deductible temporary differences	1,014,240	243,417	877,625	38,264
Deductible permanent differences	2,592,232	622,136	1,644,532.91	71,702
IRAP deductions from IRES	93,976	22,554		
Tax amnesty			3,214,328	140,145
New permanent employee deductibility 2015 Stability Law			3,856,020	168,122
ACE Tax Break	115,243	27,658		
Assessable income	2,132,452			
Current income taxes for the year		471,128		
Consolidation adjustments to current income taxes		-875,780		
Effective current income taxes		-404,652		
Effective IRES rate		-8.11%		
Assessable IRAP			4,565,485	
Current IRAP income taxes				199,055
Consolidation adjustments to current taxes				-164,996
Effective current IRAP				34,089
Effective IRAP rate				0.37%

32. RECONCILIATION OF RESTATED BALANCES FROM 2018

CONSOLIDATED BALANCE SHEET

	Restated 31.12.18	31.12.18	Change
ASSETS			
Intangible assets	6,718,275	2,723,216	3,995,060
Goodwill	10,551,265	9,736,046	815,219
Property, plant and equipment	3,955,437	3,955,437	-
Other tangible assets	9,867,552	9,867,552	-
Right-of-use	1,326,694	1,326,694	-
Deferred tax assets	685,410	685,410	-
Equity investments and other non-current financial assets	68,062	68,062	-
Other non-current assets deriving from contracts	709,823	709,823	-
Other non-current assets	333,666	333,666	-
NON-CURRENT ASSETS	34,216,184	29,405,905	4,810,279
Inventories	-	-	-
Trade receivables	4,699,371	4,699,371	-
Trade receivables from associates	460,965	460,965	-
Current financial assets	-	-	-
Current assets deriving from contracts	329,904	329,904	-
Other receivables and other current assets	1,404,458	1,404,458	-
Cash and cash equivalents	17,930,107	17,930,107	-
CURRENT ASSETS	24,824,805	24,824,805	0
TOTAL ASSETS	59,040,989	54,230,711	4,810,279
	31.12.18	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	513,214	513,214	-
Other reserves	(4,921,971)	(4,921,971)	-
Reserves and retained earnings	1,241,408	1,241,408	-
Translation reserve	13,698	13,698	-
Group net profit	3,344,738	3,496,340	(151,602)
<i>Group Shareholders' Equity</i>	<i>22,091,857</i>	<i>22,243,459</i>	<i>(151,602)</i>
Result attributable to non-controlling interests	-	-	-
Non-controlling interest capital and reserves	-	-	-
<i>Non-controlling interest shareholders' equity</i>	<i>-</i>	<i>-</i>	<i>0</i>

TOTAL NON-CONTROLLING INTEREST & GROUP SHARE. EQUITY	22,091,857	22,243,459	(151,602)
Payables to other lenders	4,801,538	4,801,538	-
Bank payables	6,144,430	6,144,430	-
Other non-current financial liabilities	6,397,259	2,550,000	3,847,259
Employee benefits	1,259,295	1,259,295	-
Deferred tax liabilities	1,328,643	214,022	1,114,622
Non-current liabilities deriving from contracts	1,339,529	1,339,529	-
Other payables and non-current liabilities	-	-	-
NON-CURRENT LIABILITIES	21,270,694	16,308,814	4,961,881
Payables to other lenders	3,922,970	3,922,970	-
Current bank payables	3,817,932	3,817,932	-
Current income tax liabilities	669,451	669,451	-
Other current financial liabilities	1,410,000	1,410,000	-
Trade payables	3,802,103	3,802,103	-
Trade payables to associates	-	-	-
Current liabilities deriving from contracts	765,604	765,604	-
Other payables and current liabilities	1,290,378	1,290,378	-
CURRENT LIABILITIES	15,678,438	15,678,438	-
LIABILITIES HELD-FOR-SALE	-	-	-
TOTAL LIABILITIES	59,040,989	54,230,711	4,810,278

CONSOLIDATED INCOME STATEMENT

	Restated 2018	2018	Change
REVENUES AND OPERATING INCOME			
Revenues from sales and services	24,391,369	24,391,369	-
Other revenues and income	845,726	845,726	-
Total revenues and operating income	25,237,095	25,237,095	-
OPERATING COSTS			
Purchases and services	(10,263,621)	(10,263,621)	-
Personnel costs	(4,677,486)	(4,677,486)	-
Amortisation, depreciation, and write-downs	(5,318,664)	(5,108,397)	(210,266)
Provisions	-	-	-
Other costs and operating charges	(309,479)	(309,479)	-
Change in Inventories	-	-	-
Total operating costs	(20,569,250)	(20,358,984)	(210,266)
EBIT	4,667,845	4,878,111	(210,266)
Income (Charges) from Equity Method	-	-	-
Financial income	6,941	6,941	-
Financial expenses	(508,034)	(508,034)	-
Exchange gains/(losses)	(89,545)	(89,545)	-
PROFIT BEFORE TAXES	4,077,207	4,287,474	(210,266)
Income taxes	(732,469)	(791,134)	58,664
PROFIT FROM CONTINUING OPERATIONS	3,344,738	3,496,340	(151,602)
Net profit from discontinued operations	-	-	-
NET PROFIT	3,344,738	3,496,340	(151,602)

The amounts at December 31, 2018 have been restated to take into account the net assets identified following the completion of the purchase price allocation process of the company Adelante, acquired on July 18, 2018, whose values had therefore not been included in the financial statements at December 31, 2018, in accordance with IFRS 3. For further information, reference should be made "Business combinations" section of the Notes.

33. INFORMATION ON FINANCIAL RISKS

Categories of financial instruments

The following tables contain information regarding:

- Classes of financial instruments by their nature and characteristics;
- Book value of financial instruments;
- Fair value of the financial instruments (except for financial instruments the carrying amount of which is close to their fair value); and
- Fair value level hierarchy for financial assets and liabilities the fair value of which is stated.

Levels 1 to 3 of the fair value hierarchy are based on the degree of observability of the information:

- Level 1 fair value measurements are based on (unmodified) quoted prices on active markets for identical assets or liabilities;
- Level 2 fair value measurements are those based on inputs other than the quoted prices used in Level 1, which are observable for assets and liabilities, either directly (for example, prices) or indirectly (for example, derived from prices); and
- Level 3 fair value measurements are those derived from the application of measurement techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities measured at fair value		Level 1	Level 2	Level 3
31.12.19				
Financial assets				
Cash equivalents (included in cash and cash equivalents)			5,464,634	
Other financial liabilities				
Matika put option				7,067,680
Adelante Group earn-out				3,970,556
Total		-	5,464,634	11,038,236

Some of the Group's financial assets and liabilities are measured at fair value at each reporting date.

In particular, the fair value of the payable arising from the put option granted to the non-controlling shareholders of Matika and the earn-out granted to the former shareholders of the Adelante Group is measured according to the income approach, based on a comparison between the discounting of the future cash flows from the subsidiary and a contractual calculation (fair value level 3).

Since the instruments in question are investments in SICAV funds, for which the credit institution reports NAV but which do not have a direct market listing, the

fair value of the cash equivalents included in Cash and cash equivalents falls within fair value level 2.

The breakdown of financial instruments among the various categories of IFRS 9 is reported below.

FINANCIAL ASSETS AT DECEMBER 31, 2019	Financial assets for financial instruments	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVPL	Total
Other non-current assets deriving from contracts		440,499			440,499
Other non-current assets		291,779			291,779
Non-current financial assets		732,278	-	-	732,278
Trade receivables		6,442,595			6,442,595
Trade receivables from group companies		35,567			35,567
Current assets deriving from contracts		269,325			269,325
Other receivables and other current assets		2,325,204			2,325,204
Cash and cash equivalents		6,371,725		5,464,634	11,836,359
Current financial assets		15,444,416	-	5,464,634	20,909,050
Total financial assets	-	16,176,694	-	5,464,634	16,176,694

FINANCIAL LIABILITIES AT DECEMBER 31, 2019	Financial liabilities for derivative instruments	Financial liabilities at amortised cost	Financial liabilities at FVOCI	Financial assets at FVPL	Total
Payables to other lenders		6,611,209			6,611,209
Bank payables		7,192,300			7,192,300
Other non-current financial liabilities		2,484,001		10,406,437	12,890,437
Non-current liabilities deriving from contracts		851,125			851,125
Other payables and non-current liabilities		8,394			8,394
Non-current financial liabilities		17,147,029	-	10,406,437	27,553,465
Payables to other lenders		4,000,234			4,000,234
Current bank payables		5,443,457			5,443,457
Other current financial liabilities		847,863		631,800	1,479,663
Trade payables		4,478,794			4,478,794
Trade payables to associates		42,293			42,293
Current liabilities deriving from contracts		488,404			488,404
Other payables and current liabilities		2,802,920			2,802,920
Current financial liabilities		18,103,965	-	631,800	18,735,765

Total financial liabilities		35,250,994	-	11,038,237	46,289,231
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Financial liabilities by due date at December 31, 2019 are reported below:

At December 31, 2019	Book value	Contractual cash flows	Within 1 year	From 1 to 5 years	After 5 years
Bank loans	12,635,757	12,805,562	5,443,457	7,362,105	-
Finance leases	2,526,633	2,526,633	1,777,268	749,366	-
Trade payables	4,478,794	4,478,794	4,478,794	-	-
Other financial liabilities	7,704,163	7,704,163	6,583,148	5,822,758	-
Total	27,345,348	27,515,153	18,282,668	13,934,228	-

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.

There are no significant concentrations of sales and receivables. There are no individual receivables that alone make up 5% of the total.

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 analysed separately to determine the expected loss.

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. Sensitivity to the foreign exchange effect has not been analysed since it is not material in view of the size of the subsidiaries with functional currencies other than the euro.

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 regards to variable rate financial assets and liabilities at December 31, 2019 and December 31, 2018, amid a hypothetical increase (decrease) of interest rates by 100 basis points against the interest rate at the same date, with the other variables remaining constant, financial expenses would increase by approx. Euro 170 thousand.

Sensitivity to changes in exchange rates is not material due to the company's limited exposure to foreign exchange risk.

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.

Positions or transactions arising from atypical operations

In 2019 the Group did not undertake any atypical or unusual transactions, as defined in Consob Communication No. DEM/6064293.

Fees due to the independent auditors Deloitte & Touche S.p.A. and their network pursuant to Art. 149-duodecies of the Issuers' Regulation

Type of service	Service provider	Company	Fees (in Euro thousands)
Audit	-Deloitte & Touche	Parent Company	55
	- Deloitte & Touche network	Italian subsidiaries	36
		Foreign subsidiaries	N/A
Other services	-Deloitte & Touche	Parent Company	25
	- Deloitte & Touche network	Italian subsidiaries	-
		Foreign subsidiaries	-

Parent Company directors and statutory auditors' fees

Name	WIIT S.p.A. office	Period of office	Concl. of office	Fixed remuneration (*)	Remuneration committee participation	Non-equity variable remuneration	Total
Alessandro Cozzi	Chief Executive Officer	01.01.2019 - 31.12.2019	Approval 2020 FS	500,000	0	0	500,000
Riccardo Mazzanti	Chairman of the Board of Directors	01.01.2019 - 31.12.2019	Approval 2020 FS	240,000	0	0	240,000
Francesco Baroncelli	Executive Director	01.01.2019 - 31.12.2019	Approval 2020 FS	230,000	0	0	230,000
Enrico Rampin	Executive Director	01.01.2019 - 31.12.2019	Approval 2020 FS	145,000	0	0	145,000
Amelia Bianchi	Director	01.01.2019 - 31.12.2019	Approval 2020 FS	30,000	0	0	30,000
Aldo Napoli	Independent Director	01.01.2019 - 31.12.2019	Approval 2020 FS	15,000	0	0	15,000
Annamaria Di Ruscio	Independent Director	01.01.2019 - 31.12.2019	Approval 2020 FS	15,000	18,000	0	33,000
Dario Albarello	Independent Director	01.01.2019 - 31.12.2019	Approval 2020 FS	15,000	21,000	0	36,000
Riccardo Sciutto	Independent Director	01.01.2019 - 31.12.2019	Approval 2020 FS	15,000	21,000	0	36,000
Luca Valdameri	Chair - Board of Stat. Auditors	01.01.2019 - 31.12.2019	Approval 2020 FS	18,000	0	0	18,000
Paolo Ripamonti	Statutory Auditor	01.01.2019 - 31.12.2019	Approval 2020 FS	12,000	0	0	12,000
Nathalie Brazzelli	Statutory Auditor	01.01.2019 - 31.12.2019	Approval 2020 FS	12,000	0	0	12,000

Subsidiary Adelante S.r.l. directors' fees

Name	Adelante S.r.l. office	Period of office	Concl. of office	Fixed Remuneration	Remuneration for committee participation	Non-equity variable remuneration	Total
Alessandro Cozzi	Chairman of the Board of Directors	01.01.2019 - 31.12.2019	Approval 2020 FS	0	0	0	0
Francesco Baroncelli	Chief Executive Officer	01.01.2019 - 31.12.2019	Approval 2020 FS	0	0	0	0
Riccardo Mazzanti	Director	01.01.2019 - 31.12.2019	Approval 2020 FS	0	0	0	0
Enrico Rampin	Director	01.01.2019 - 31.12.2019	Approval 2020 FS	0	0	0	0
Chiara Grossi	Director	01.01.2019 - 31.12.2019	Approval 2020 FS	14,000	0	0	14,000
Fabrizia Pecunia	Sole Statutory Auditor	01.01.2019 - 31.12.2019	Approval 2020 FS	10,000	0	0	10,000

Subsidiary Matika S.p.a. directors' fees

Name	Matika S.p.A. office	Period of office	Concl. of office	Fixed Remuneration	Remuneration for committee participation	Non-equity variable remuneration	Total
Alessandro Cozzi	Chairman of the Board of Directors	04.07.2019 - 31.12.2019	Approval 2021 FS	0	0	0	0
Riccardo Mazzanti	Director	04.07.2019 - 31.12.2019	Approval 2021 FS	0	0	0	0
Francesco Baroncelli	Director	04.07.2019 - 31.12.2019	Approval 2021 FS	0	0	0	0
Enrico Rampin	Director	04.07.2019 - 31.12.2019	Approval 2021 FS	0	0	0	0
Stefano Dario	Chief Executive Officer	04.07.2019 - 31.12.2019	Approval 2021 FS	93,000	0	0	93,000
Luciano De Rugna	Director	04.07.2019 - 31.12.2019	Approval 2021 FS	33,000	0	0	33,000
Giuseppe Malacarne	Director	04.07.2019 - 31.12.2019	Approval 2021 FS	84,000	0	0	84,000
Luca Valdameri	Chair - Board of Stat. Auditors	04.07.2019 - 31.12.2019	Approval 2021 FS	1,750	0	0	1,750
Igor Parisi	Statutory Auditor	04.07.2019 - 31.12.2019	Approval 2021 FS	1,250	0	0	1,250
Francis De Zanche	Statutory Auditor	04.07.2019 - 31.12.2019	Approval 2021 FS	1,250	0	0	1,250

Subsidiary Wiit Swiss SA directors' fees

Name	WIIT SWISS SA office	Period of office	Concl. of office	Fixed Remuneration	Remuneration committee participation	Non-equity variable remuneration	Total
Simone Bassi	Chairman of the Board of Directors	04.07.2019 - 31.12.2019	Approval 2020 FS	5,000	0	0	0
Alessandro Cozzi	Director	04.07.2019 - 31.12.2019	Approval 2020 FS	0	0	0	0

ICT Whathers directors' fees

Name	ICTW office	Period of office	Concl. of office	Fixed Remuneration	Remuneration committee participation	Non-equity variable remuneration	Total
Davide Rogai	Sole Director	01.01.2019 - 31.12.2019	Until 16.03.2022	6,000	0	10,000	16,000

34. RELATED PARTY TRANSACTIONS

Costs and revenues with related parties table

	Costs	WIIT Fin S.r.l.	WIIT S.p.A.	Wiit Swiss	Adelante Srl	ICTW	MATIKA S.p.A.	Etaeria S.p.A.	Commit	Total
Revenues	WIIT Fin S.r.l.		499,000							499,000
	WIIT S.p.A.	-			254,306			326,000	30,990	611,296
	WIIT Swiss S.A.		1,743							1,743
	Foster S.r.l.									-
	Adelante S.r.l.		193,416			13,065			121,671	328,152
	ICTW		76,125		22,500					98,625
	MATIKA S.p.A.		9,652							9,652
	Etaeria S.p.A.									-
	Commit S.r.l.		14,160		229,243					243,403
	Total		-	794,096		506,050	13,065	-	326,000	152,661

Receivables and payables with related parties table

	Receivables	WIIT Fin S.r.l.	WIIT S.p.A.	Wiit Swiss	Adelante Srl	ICTW	MATIKA S.p.A.	Etaeria S.p.A.	Commit	Total
Payables	WIIT Fin S.r.l.		2,010,511		242,281					2,252,792
	WIIT S.p.A.			401,743	2,100,000		2,210,972			4,712,715
	WIIT Swiss S.A.									-
	Foster S.r.l.									-
	Adelante S.r.l.		743,600				3,000		42,293	788,893
	ICTW				43,115					43,115
	MATIKA S.p.A.									-
	Etaeria S.p.A.		397,720							397,720
	Commit S.r.l.		20,191		15,376					35,567
	Total		-	3,172,022		2,400,771	3,000	2,210,972	-	42,293

The consolidated balance sheet and income statement highlighting related parties are presented below pursuant to Consob Resolution No. 15519 of July 27, 2006.

CONSOLIDATED BALANCE SHEET

	31.12.19	Of which related parties	Restated (*) 31.12.18	Of which related parties
ASSETS				
Intangible assets	13,341,905		6,718,275	
Goodwill	17,604,960		10,551,265	
Property, plant and equipment	3,208,450		3,955,437	
Other tangible assets	10,147,369		9,867,552	
Right-of-use	5,706,817		1,326,694	
Deferred tax assets	727,459		685,410	
Equity investments and other non-current financial assets	60,861		68,062	
Other non-current assets deriving from contracts	440,499		709,823	
Other non-current assets	291,779	250,000	333,666	250,000
NON-CURRENT ASSETS	51,530,099	250,000	34,216,184	250,000
Inventories	82,628		-	
Trade receivables	6,442,595	397,720	4,699,371	
Trade receivables from associates	35,567	35,567	460,965	460,965
Current assets deriving from contracts	269,325		329,904	
Other receivables and other current assets	2,325,204	1,760,511	1,404,458	770,106
Cash and cash equivalents	11,836,359		17,930,107	
CURRENT ASSETS	20,991,678	2,193,798	24,824,805	1,231,071
TOTAL ASSETS	72,521,777	2,443,798	59,040,989	1,481,071
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	2,652,066		2,652,066	
Share premium reserve	19,248,704		19,248,704	
Legal reserve	530,414		513,214	
Other reserves	(9,305,339)		(4,921,971)	
Reserves and retained earnings	2,273,488		1,241,408	
Translation reserve	11,579		13,698	
<i>Group net profit</i>	5,007,793		3,344,738	
<i>Group Shareholders' Equity</i>	<i>20,418,705</i>		<i>22,091,857</i>	
Result attributable to non-controlling interests	242,238		-	
Non-controlling interest capital and reserves	-		-	
<i>Non-controlling interest shareholders' equity</i>	<i>242,238</i>		<i>0</i>	
TOTAL NON-CONTROLLING INTEREST & GROUP SHARE. EQUITY	20,660,943	0	22,091,857	0
Payables to other lenders	6,611,209		4,801,538	
Bank payables	7,192,300		6,144,430	
Other non-current financial liabilities	12,890,437	12,890,437	6,397,259	6,397,259
Employee benefits	1,983,999		1,259,295	
Deferred tax liabilities	2,872,152		1,328,643	
Non-current liabilities deriving from contracts	851,125		1,339,529	
Other payables and non-current liabilities	8,394		0	
NON-CURRENT LIABILITIES	32,409,616	12,890,437	21,270,694	
Payables to other lenders	4,000,234		3,922,970	600,000
Current bank payables	5,443,457		3,817,932	
Current income tax liabilities	715,453		669,451	
Other current financial liabilities	1,479,663	1,479,663	1,410,000	1,310,000
Trade payables	4,478,794		3,802,103	
Trade payables to associates	42,293		-	
Current liabilities deriving from contracts	488,404		765,604	
Other payables and current liabilities	2,802,920		1,290,378	
CURRENT LIABILITIES	19,451,218	1,479,663	15,678,438	600,000
LIABILITIES HELD-FOR-SALE	0	0	0	0
TOTAL LIABILITIES	72,521,777	14,370,100	59,040,989	600,000

Other receivables of over Euro 1.7 million refer to the tax consolidation receivable from Wilit Fin Srl. Other non-current liabilities refer to the recognition

of the earn-out and minorities of the acquired companies.

CONSOLIDATED INCOME STATEMENT

	2019	Of which related parties	Of which non-recurring income (charges)	Restated (*) 2018	Of which related parties	Of which non-recurring income (charges)
REVENUES AND OPERATING INCOME						
Revenues from sales and services	33,726,729	478,661		24,391,369	2,988	
Other revenues and income	184,729			845,726		
Total revenues and operating income	33,911,458	478,661	0	25,237,095	2,988	0
OPERATING COSTS						
Purchases and services	(15,237,262)	(742,403)	(1,062,729)	(10,263,621)	(577,966)	(142,440)
Personnel costs	(6,228,704)			(4,677,486)		(282,597)
Amortisation, depreciation, and write-downs	(6,903,267)			(5,318,664)	(210,266)	
Provisions	-			-		
Other costs and operating charges	(381,993)			(309,479)		
Change in Inventories	65,912			-		
Total operating costs	(28,685,314)	(742,403)	(1,063,729)	(20,569,250)	(788,232)	(425,037)
EBIT	5,226,144	(263,742)	(1,063,729)	4,667,845	(785,244)	(425,037)
Income (Charges) from Equity Method	(7,200)			-		
Financial income	251,945			6,941		
Financial expenses	(439,221)			(508,034)		(256,917)
Exchange gains/(losses)	(40,020)			(89,545)		
PROFIT BEFORE TAXES	4,991,648	(263,742)	(1,063,729)	4,077,207	(785,244)	(681,954)
Income taxes	258,383		1,015,464	(732,469)		
PROFIT FROM CONTINUING OPERATIONS	5,250,031	(263,742)	(48,265)	3,344,738	(785,244)	(681,954)
Net profit from discontinued operations	-	-	-	-	-	-
NET PROFIT	5,250,031	(263,742)	(48,265)	3,344,738	(785,244)	(681,954)

Non-recurring charges refer to the costs incurred for the transition to the main market and non-recurring acquisition costs. The tax benefit is attributable to

the patent box benefit for the years 2015-2018.

35. COMMITMENTS

Guarantees granted

The Company has not provided sureties securing consumer loans and mortgage loans.

36. SUBSEQUENT EVENTS

Following the agreement signed on December 20, 2019, on January 15, 2020, WIIT S.p.A. signed agreements for the gradual acquisition of 100% of the share capital of Etaeria S.r.l. ("Etaeria"), a Kelyan Group company providing cloud and cyber security services, in addition to the acquisition of the Aedera S.r.l. (Kelyan Group) business unit, provider of IT services and solutions for the digitalisation of companies in SAAS mode.

The agreements stipulate the initial acquisition of a 60% majority holding in Etaeria for consideration of approx. Euro 3.5 million, in addition to the variable price component subject to the achievement of the 2019 full-year earnings objectives. The acquisition of the Etaeria shares also involves the payment of an advance for the acquisition of the residual 40%, for which put and call options are stipulated, to which variable price components are linked ("earn out"), subject to the achievement of set Etaeria earnings objectives.

In relation to the Aedera business unit, the estimated consideration on closing amounted to approx. Euro 1.4 million, in addition to the variable price component (earn out) for approx. Euro 0.9 million, subject to the achievement of the result objectives by the Aedera business unit in the 2019-2022 period.

Etaeria was founded in 2016 to provide managed security and infrastructural cloud computing services to Italian SMEs and channel partners. With a workforce of over 40 highly-specialised personnel, it has a portfolio that includes over 80 medium-large top customers that following the transaction will be directly managed by WIIT, with the others to be managed through the other commercial channels.

Aedera was created in 2016 by a group of professionals with thirty years' experience in document management in order to develop a proprietary technological platform and innovative services to manage unstructured document processes and other electronic document processes provided as SAAS.

On January 7, 2020 the Company signed a loan contract for a maximum Euro 40 million, with a banking syndicate comprising Banca IMI S.p.A., as arranger and agent bank, and Intesa Sanpaolo S.p.A. and Banco BPM S.p.A. as lending banks.

The loan, principally to support the WIIT Group's acquisition-led growth strategy on the Italian and international market and investment plan, stipulates the following key terms and conditions:

- the composition of the loan as (i) an amortising credit line for a maximum Euro 15 million, with maturity of December 31, 2025; (ii) a bullet credit line of a maximum Euro 15 million, with maturity of June 30, 2026; and (iii) an amortising credit line for a maximum Euro 10 million, with maturity of December 31, 2024;
- an annual interest rate based on the reference Euribor and an increasing or decreasing variable margin according to the change in the NFP/EBITDA ratio;
- EBITDA/net financial charges and NFP/EBITDA covenants;
- the pledging, in favour of the lending banks, of the holdings representing the share capital of certain target companies acquired by WIIT in execution of its growth strategy.

In accordance with best market practice, the loan contract in addition contains provisions concerning, among others, mandatory early settlement events, conditions on disbursements, declarations and guarantees, limitations on debt and corporate transactions, in addition to dividend distribution limits.

In recent weeks, the general visibility for 2020 reduced due to the COVID-19 emergency. Despite the major uncertainties and fears in terms of the social and economic repercussions of the health emergency, WIIT - thanks to its business model based on long-term orders and recurring revenues, does not expect significant impacts on the business in revenue terms, which may emerge only where this contingent situation extends beyond the first half of the year, whereby an impact may be felt in terms of sales related to the acquisition of new customers. Strong interest has been seen to date from existing and new customers in the smart working and cyber security services provided through WIIT's Cloud platform. However, working capital could be affected by a possible slowdown in collections and non-performing positions attributable to certain customers that are in turn more significantly affected by the Covid-19 emergency. The variety of sectors in which the Group's customers operate and their good financial condition, in addition to its access to liquidity (with the upside of treasury shares), lines of credit approved but not drawn down and loans already granted by credit institutions are circumstances that mitigate potential financial risk. Accordingly, there are not believed to be any material impacts on business continuity.

**Statement on the 2019 Consolidated Financial Statements
in accordance with Article 81-ter of Consob Motion No. 11971
of May 14, 1999 and subsequent amendments and supplements**

1. The undersigned Alessandro Cozzi, as “Chief Executive Officer”, and Stefano Pasotto, as “Executive Officer for Financial Reporting”, of the company “Wiit S.p.A.” declare, in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
 - the adequacy considering the company`s characteristics and
 - the effective application of the administrative and accounting procedures for the compilation of the consolidated financial statements for 2019.
2. It is also declared that:

2.1 the Consolidated Financial Statements:

- a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- b) correspond to the underlying accounting documents and records;
- c) provide a true and fair view of the financial position, balance sheet and operating results of the issuer and of the companies included in the consolidation;

2.2.the Directors' Report includes a reliable analysis of the significant events that occurred during the year and their impact on the operating results, as well as the situation of the issuer and all the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, March 19, 2020

ALESSANDRO COZZI
Chief Executive Officer

STEFANO PASOTTO
Executive Officer for Financial Reporting

ANNUAL REPORT 2019

*Wit S.p.A.
Financial Statements*

Company:	Wiiit S.p.A.
Registered office:	Milan, Via dei Mercanti No.12
Tax and VAT No.	01615150214
Share Capital:	Euro 2,652,066.00 fully paid-in
Milan Companies Registration Office	No. 01615150214
R.E.A. No.	1654427
Number of shares	2,652,066

BALANCE SHEET

<i>Euro</i>	Note	31.12.19	Restated (*) 31.12.18
ASSETS			
Intangible assets	1	3,474,109	2,100,650
Goodwill	1	2,521,040	1,315,026
Property, plant and equipment	2	2,877,027	3,570,059
Other tangible assets	2	8,984,386	9,814,432
Right-of-use	2	5,235,724	1,099,816
Deferred tax assets	15	625,193	673,530
Equity Investments	3	19,973,063	14,037,471
Other non-current assets deriving from contracts	5	440,499	709,823
Other non-current assets	5	279,312	279,312
NON-CURRENT ASSETS		44,410,353	33,600,119
Trade receivables	6	3,882,783	2,684,302
Trade receivables from group companies	7	116,791	675,029
Current financial assets	8	647,000	0
Current assets deriving from contracts	8	269,324	329,905
Other receivables and other current assets	8	2,108,330	1,105,943
Cash and cash equivalents	9	8,990,107	14,225,320
CURRENT ASSETS		16,014,335	19,020,499
TOTAL ASSETS		60,424,688	52,620,618

<i>Euro</i>	Note	31.12.19	Restated (*) 31.12.18
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	10	2,652,066	2,652,066
Share premium reserve	10	19,248,704	19,248,704
Legal reserve	10	530,413	513,214
Other reserves	10	(9,305,343)	(4,921,971)
Reserves and retained earnings	10	87,606	61,593
Translation reserve	10	0	0
<i>Net profit</i>		6,240,515	2,371,787
TOTAL SHAREHOLDERS' EQUITY		19,453,961	19,925,393
Payables to other lenders	11	6,075,111	4,552,575
Bank payables	12	7,092,425	6,144,430
Other non-current financial liabilities	13	5,822,758	6,397,259
Employee benefits	14	1,282,889	1,075,333
Deferred tax liabilities	15	212,782	41,245
Non-current liabilities deriving from contracts	16	851,125	1,339,529
Other payables and non-current liabilities	16	0	0
NON-CURRENT LIABILITIES		21,337,090	19,550,371
Payables to other lenders	11	3,824,059	3,250,740
Current bank payables	12	5,273,589	3,814,345
Current income tax liabilities	17	149,743	256,143
Other current financial liabilities	13	6,181,406	1,410,000
Trade payables	18	1,804,310	1,482,128
Trade payables - Group companies	19	10,972	1,105,836
Current liabilities deriving from contracts	20	488,404	765,604
Other payables and current liabilities	16	1,901,154	1,060,058
CURRENT LIABILITIES		19,633,637	13,144,854
LIABILITIES HELD-FOR-SALE		0	0
TOTAL LIABILITIES		60,424,688	52,620,618

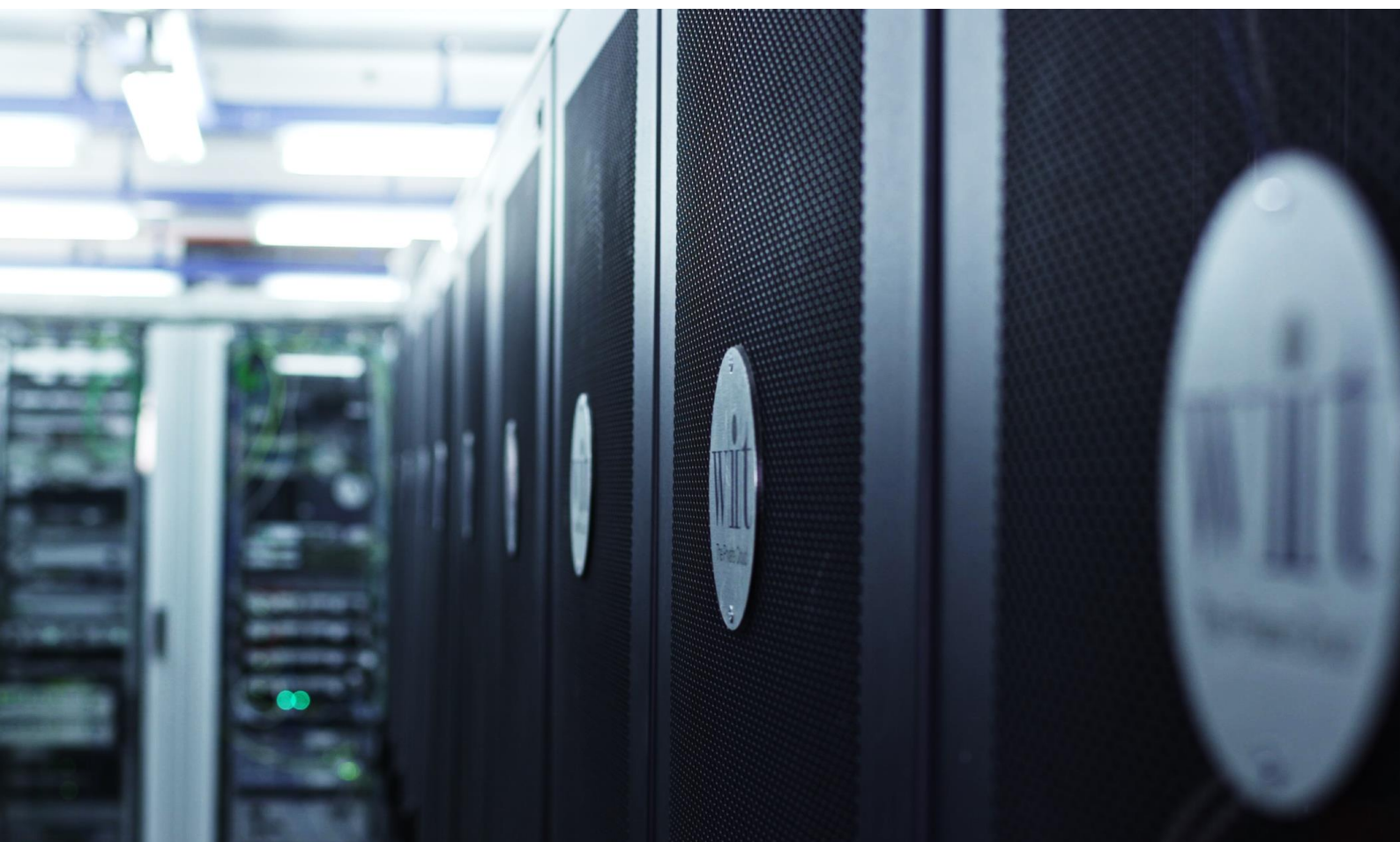
INCOME STATEMENT

Euro	Note	2019	2018
REVENUES AND OPERATING INCOME			
Revenues from sales and services	22	22,369,288	19,988,618
Other revenues and income	22	132,993	669,960
Total revenues and operating income		22,502,281	20,658,578
OPERATING COSTS			
Purchases and services	23	(9,012,934)	(7,916,444)
Personnel costs	24	(4,257,374)	(4,112,540)
Amortisation, depreciation & write-downs	25	(5,851,714)	(4,994,259)
Provisions	-	-	-
Other costs and operating charges	26	(293,182)	(295,099)
Change Inventories of raw mat., consumables and goods	-	-	-
Total operating costs		(19,415,204)	(17,318,342)
EBIT		3,087,077	3,340,236
Income (Charges) from Equity Method	27	-	-
Financial income	28	2,773,805	1,690
Financial expenses	29	(428,277)	(488,117)
Exchange gains/(losses)	30	-	-
PROFIT BEFORE TAXES		5,432,605	2,853,809
Income taxes	31	807,910	(482,022)
NET PROFIT FROM CONTINUING OPERATIONS		6,240,515	2,371,787
Net profit from discontinued operations		-	-
NET PROFIT		6,240,515	2,371,787
Earnings per share			
<i>Basic earnings per share (Euro per share)</i>		2.43	0.93
<i>Diluted earnings per share (Euro per share)</i>		2.43	0.93

COMPREHENSIVE INCOME STATEMENT

Euro	Restated (*)	
	2019	2018
NET PROFIT FROM CONTINUING OPERATIONS	6,240,515	2,371,787
Items not reclassified subsequently to the income statement		
Actuarial gains (losses) on employee benefits	(101,649)	(40,780)
Tax effect on actuarial gains (losses)	26,304	11,378
NET PROFIT FROM CONTINUING OPERATIONS	6,165,170	2,342,385

(*) The values at December 31, 2018 have been restated to take into account the value of the investment in Adelante restated following the finalisation of the capital gains allocation process that led to the restatement of the contingent consideration (earn-out) For further details, please refer to the paragraph "Equity investments" and Note 32, "Reconciliation of balances restated for 2018"



STATEMENT OF CHANGES IN SEPARATE SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Legal reserve	Treasury shares acquired reserve	Other reserves	Retained earnings	Net Result	Total shareholders' equity
Shareholders' Equity at 31.12.2017	2,566,074	19,248,704	414,408	(320,144)	(569,895)	24,671	2,262,004	23,625,823
Net result* Restated							2,371,787	2,371,787
Other comprehensive income					(29,401)			(29,401)
Total comprehensive income					(29,401)		2,371,787	2,342,385
Allocation of 2018 result								
Legal reserve			98,806				(98,806)	0
Dividends paid							(2,126,277)	(2,126,277)
Carried forward						36,921	(36,921)	0
Acquisition of treasury shares				(2,961,864)				(2,961,864)
FTA reserve first application new standards					(1,237,271)			(1,237,271)
Maturation Performance Shares	85,992				196,605			282,597
Shareholders' Equity at 31.12.2018 Restated	2,652,066	19,248,704	513,214	(3,282,008)	(1,639,962)	61,593	2,371,787	19,925,393
Net Result							6,240,515	6,240,515
Other comprehensive income					(75,345)			(75,345)
Total comprehensive income					(75,345)		6,240,515	6,165,169
Allocation of 2018 result								
Legal reserve			17,200				(17,200)	0
Dividends paid							(2,328,575)	(2,328,575)
Carried forward						26,011	(26,011)	0
Acquisition of treasury shares				(4,308,026)				(4,308,026)
Group Shareholders' Equity at 31.12.2019	2,652,066	19,248,704	530,414	(7,590,034)	(1,715,307)	87,604	6,240,515	19,453,961

CASH FLOW STATEMENT	31.12.2019	31.12.2018 Restated
Net profit from continuing operations	6,240,515	2,525,929
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	5,851,714	3,103,259
Financial assets adjustments	0	0
Change in employee benefits	106,644	127,694
Financial expenses	428,276	488,117
Income taxes	(807,909)	276,052
Other non-cash changes (deferred tax assets/liabilities)	56,099	205,970
Cash flow generated from operating activities before working capital changes	11,875,338	6,727,021
<i>Changes in current assets and liabilities:</i>		
Decrease (Increase) in inventories	0	0
Decrease (increase) in trade receivables	(366,214)	740,257
Decrease (increase) in tax receivables	0	(296,576)
Increase (decrease) in trade payables	(1,073,324)	(1,623,605)
Increase (decrease) in tax payables	(297,198)	578,242
Decrease (increase) other current assets	(537,343)	(1,221)
Increase (decrease) in current liabilities	830,145	(1,086,951)
Decrease (increase) in other non-current assets	54,354	
Increase (decrease) in other non-current liabilities	0	
Decrease (increase) in assets deriving from contracts	329,905	(1,039,728)
Increase (decrease) in liabilities deriving from contracts	(765,604)	2,105,133
<i>Cash flow generated from operating activities</i>		
Income taxes paid	(53,013)	(959,560)
Interest paid/received	(294,006)	(240,672)
Cash flow generated from operating activities (A)	9,703,040	4,902,341
Net increase intangible assets	(1,494,924)	(1,130,851)
Net increase tangible assets	(3,542,879)	(4,186,000)
Cash flows from business combinations net of cash and cash equivalents	3,890	(14,350,687)
Cash flow used in investing activities (b)	(5,033,912)	(19,667,538)
New financing	7,000,000	6,000,000
Repayment of loans	(4,592,761)	(3,865,102)
Drawdown of payables to other lenders	1,061,467	6,282,941
Finance lease payables	(3,582,411)	(3,688,609)
Drawdown (settlement) other financial investments	(1,744,037)	7,557,036
Payment of deferred fees for business combinations	(1,410,000)	100,000
Distribution dividends	(2,328,575)	(2,126,276)
Acquisition of treasury shares	(4,308,026)	(2,961,864)
Performance share plan	0	282,597
Cash flow used in financing activities (c)	(9,904,342)	7,580,723
Net increase/(decrease) in cash and cash equivalents a+b+c	(5,235,214)	(7,184,474)
Cash and cash equivalents at end of year	8,990,107	14,225,320
Cash and cash equivalents at beginning of year	14,225,321	21,409,794
Net increase/(decrease) in cash and cash equivalents	(5,235,214)	(7,184,474)

Notes to the financial statements at December 31, 2019

The company Wiit S.p.A. is a Cloud Computing enterprise with a key focus on the provision of IT infrastructure tailored to the specific needs of customers (mainly through the “Managed Hosted Private Cloud” and “Hybrid Cloud”) and the provision of infrastructure configuration, management and control services which guarantee uninterrupted functionality and availability. With approx. 100 employees, the Group reports total revenues of Euro 22.5 million in 2019.

These separate financial statements were authorised for publication by the Board of Directors on March 19, 2020.

ACCOUNTING POLICIES

Declaration and basis of preparation

The financial statements at December 31, 2019 of Wiit S.p.A. were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. IFRS include also all applicable International Accounting Standards (IAS). They have been drawn up in Euro, which is the currency of the country in which the Company mainly operates, and compared with the previous year's financial statements drawn up in a uniform manner. They consist of the balance sheet, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the cash flow statement and these explanatory notes. The financial statements were prepared on a going concern basis. In this 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. Therefore, no uncertainties have emerged in relation to events or circumstances which, considered individually or as a whole, could give rise to doubts as to the company's ability to continue as a going concern.

This document is compared with the previous financial statements, drawn up according to uniform criteria; the financial year, which has a duration of 12 months, concludes on December 31.

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 statement of changes in Shareholders' Equity presenting the changes in shareholders' equity over the last two years;
- 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. In particular, Wiit's classification of income statement items by nature complies with the management reporting methods adopted within the company and is therefore considered more representative than the presentation by destination, providing more reliable and relevant information for the sector in question.

Accounting policies

The main accounting policies adopted in the preparation of the financial statements at December 31, 2019, unchanged compared to the previous year, are as follows:

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is recognised at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Company at the acquisition date and of the equity instruments issued in exchange for control of the company acquired.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; the following items form an exception, which are instead valued according to the applicable standard:

- deferred tax assets and liabilities;
- assets and liabilities for employee benefits;
- liabilities or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the company issued to replace contracts of the entity acquired;
- assets held-for-sale and discontinued assets and liabilities.

Goodwill is calculated as the excess of the amounts transferred to the business combination, of the value of non-controlling interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of any non-controlling interest and the fair value of any holding previously held in the acquired company, this excess ("Negative goodwill") is immediately recorded to the income statement as income deriving from the transaction concluded.

The costs related to business combinations are recognised in the income statement.

Goodwill is initially recorded at cost and subsequently reduced only for loss in value.

Annually, or more frequently if specific events or circumstances indicate the possibility of having incurred a loss in value, the goodwill is subject to an impairment test to identify any loss in value, in accordance with IAS 36 (Impairments); the original value is however not restored if the reasons for the write-down no longer exist.

The goodwill is not revalued, even in application of specific legislation.

Any liabilities related to business combinations for payments subject to conditions are recognised at the estimated fair value at the acquisition date of the businesses and business units relating to the business combination.

Where all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

With regard to acquisitions prior to adopting IFRS, the Company has exercised the option provided by IFRS 1 not to apply IFRS 3 relating to business combinations to acquisitions prior to the transition date. As a consequence, the goodwill arising from a business combination in the past is not adjusted and recorded at the value determined on the basis of the previous accounting

standards, net of the accumulated amortisation up to December 31, 2013, the date of transition to international accounting standards and any impairments.

INTANGIBLE ASSETS

The intangible assets acquired separately are recorded at cost, while those purchased through business combinations are capitalised at fair value defined at the acquisition date. After initial recognition, the intangible assets are recorded at cost less accumulated amortisation and any loss in value. Intangible assets internally generated, with the exception of development costs, are not capitalised and are recorded in the income statement of the financial year in which they were incurred.

The useful life of the intangible assets is measured as definite or indefinite. The definite intangible assets are amortised over the useful life of the asset and verified for any indications of a possible impairment. The period and amortisation method applied is reviewed at the end of each year or more frequently if necessary. Changes in the expected useful life or in the manner in which the future economic benefits related to the intangible assets are received by the company are recorded, amending the period and method of amortisation, and treated as changes in accounting estimates.

The amortisation of intangible assets with finite lives is recorded in the income statement under the specific item amortisation of intangible assets.

The useful life attributed to various categories of intangible assets is as follows:

- concessions, licenses and trademarks - 5 years;
- other intangible assets - 5 years.

Amortisation begins when the asset is available for use or when it is in the position and condition necessary for it to operate in the manner intended by company management. The gains and losses deriving from the disposal of an intangible asset is measured as the difference between the net sales revenue and the carrying value of the asset and are recorded in the income statement at the moment of the disposal.

DEVELOPMENT COSTS

Development costs are recognised to intangible assets only if the costs may be reliably established, if the Company has the intention and the resources available to complete the assets, the technical aspects of the project may be completed in such a manner to make the products available for use and the volumes and the expected prices indicate that the costs incurred in the development phase may generate future economic benefits.

Capitalised development costs include only those costs that are directly attributable to development.

Development costs are amortised on a straight-line basis, from the commencement of production over the estimated useful life of the product or process (assessed as five years). All other development costs are charged to the income statement when incurred.

Research costs are recognised profit or loss in the year in which they are incurred.

PROPERTY, PLANT & EQUIPMENT

These assets include plant and machinery, equipment and other tangible assets.

These are stated at the cost of acquisition or construction. The cost includes directly attributable ancillary charges. Depreciation, as per IAS 16, is calculated on the basis of uniform rates applied to categories of similar assets and deemed appropriate to allocate the book value of tangible assets over their useful life. The estimated useful life, in years, is as follows:

Plant and Machinery	5 - 10 years
Equipment	7 years
Transport vehicles	4 years
EDP	5 years
Furniture and fittings	8 years
Right-of-use	Duration of contract

Ordinary maintenance costs are charged to the income statement in the year in which they are incurred, costs that increase the value or useful life of the fixed asset are capitalized and depreciated in relation to the residual possibility of use of the fixed assets to which they refer.

RIGHT-OF-USE ASSETS

Assets acquired through leasing contracts are recorded under property, plant and equipment under a specific item called "Right-of-use" for an amount equal to the value of the financial liability determined on the basis of the present value of future payments discounted using the incremental borrowing rate for each contract. The payable is gradually reduced on the basis of the repayment schedule of the principal included in the contractually agreed instalments, while the interest portion is recorded in the income statement and classified under financial charges. The value of the right-of-use recorded is depreciated on a straight-line basis according to the expiry dates of the lease contracts, also taking into account the probability of renewal of the contract if there is an enforceable renewal option. Leases relating to contracts with a duration of 12 months or less and contracts where the underlying asset is of low value are recorded on a straight-line basis in the income statement over the term of the contract.

The non-lease components relating to these assets have been separated and accounted for separately from the lease components.

In adopting IFRS 16, the Company opted for the exemption permitted under paragraph IFRS 16:5(a) in respect of short-term leases for "Motor vehicles" and Other assets. Likewise, the Group opted for the exemption permitted under IFRS 16:5(b) with regard to lease contracts for which the underlying asset qualifies as a "low-value asset" (i.e., the asset underlying the lease contract does not exceed the exchanged value in Euro of USD 5,000).

For such contracts, the introduction of IFRS 16 entailed the recognition of the financial liability associated with the lease and relevant right of use. Rather, the lease payments are taken to the income statement on a straight-line basis over the term of the relevant contracts under "other costs" in the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying value of its intangible and tangible assets to determine if there are indications that these assets have incurred a loss in value. Where such indications exist, the recoverable amount of these assets is estimated to determine the amount of the impairment loss. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Company makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced to the lower recoverable amount, recording the impairment loss in the income statement.

When the reasons for the impairment no longer exist, the carrying value of the asset (or the cash generating unit) – except for Goodwill – is increased to the revised estimate of its recoverable value. The new value cannot exceed the net carrying value if no write-down for impairment had been recorded. The restated values are recognised in the income statement.

INVESTMENTS

Investments in subsidiaries are valued at cost, net of any impairment losses.

In the presence of specific indicators of impairment (for example, a book value greater than the value of the subsidiary's shareholders' equity), the value of investments in subsidiaries, determined on the basis of the cost criterion, is subject to an impairment test. For the purposes of the impairment test, the book value of investments is compared with their recoverable value, defined as their value in use.

The value in use is determined by applying the "Discounted Cash Flow - equity side" criterion, which consists of calculating the present value of the future cash flows that it is estimated will be generated by the subsidiary, including the flows deriving from operating activities and the hypothetical consideration deriving from the final disposal of the investment (as described below), net of the subsidiary's net financial position at the balance sheet date.

If the conditions for a previous write-down are no longer met, the book value of the investment is reinstated and charged to the income statement.

Dividends received from subsidiaries and associated companies are recorded as positive income components, under "Financial income - Dividends from group companies", in the Company's financial statements, regardless of when the investee company's retained earnings are recognised.

The Company does not include in the cost of the investment the costs related to the acquisition of the controlling interest itself, which are charged to the income statement.

If the purchase of a shareholding includes a variable consideration, the change in the consideration is directly increased/decreased in the cost of the shareholding.

FINANCIAL ASSETS

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets are classified in the following three main categories: at amortised cost, at fair value recognised to profit/(loss) for the year (FVTPL), at fair value recognised to other comprehensive income (FVOCI).

Financial assets held by the Company are classified in the financial statements as follows:

- Non-current assets:
- Other non-current assets,
- Other non-current assets deriving from contracts
- Trade receivables,
- Trade receivables from associates,
- Current financial assets,
- Current assets deriving from contracts
- Other receivables and other current assets
- Cash and cash equivalents.

Financial assets are initially recognised at fair value. After initial recognition, financial assets that generate contractual cash flows that represent exclusively capital and interest payments are valued at amortized cost, if held for the purpose of collecting the contractual cash flows. Using the amortised cost method, the initial carrying amount is subsequently adjusted to take account of capital repayments, any write-downs and the amortisation of the difference

between the repayment value and the initial carrying amount. Amortisation is carried out on the basis of the effective internal interest rate which represents the rate that makes the present value of expected cash flows and the expected initial carrying amount at the time of initial recognition.

Receivables and other financial assets measured at amortized cost are shown net of the related doubtful debt provision.

Financial assets whose business model provides both the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal, are measured at fair value with the effects recognised to OCI. In this case, changes in the fair value of the instrument are recognised in equity, among other components of comprehensive income. The cumulative amount of changes in fair value, recognized in the equity reserve that includes the other components of comprehensive income, is reversed to the income statement when the instrument is derecognised. Interest income calculated using the effective interest rate, exchange rate differences and write-downs is recorded in the income statement.

A financial asset that is not measured at amortised cost or at fair value with the effects attributed to OCI is measured at fair value with the effects recognised to the income statement; financial assets held-for-trading fall into this category, in addition to the cash equivalents included in liquidity. Financial assets sold are derecognized when the contractual rights to obtain the cash flows associated with the financial instrument expire or are transferred to third parties. The recoverability of financial assets not designated at fair value through profit or loss is assessed according to the Expected Credit Loss Model. In particular, expected losses are generally determined on the basis of the product of: (i) the exposure towards the counterparty, net of the related mitigating factors (known as "exposure at default"); (ii) the probability that the counterparty will fail to discharge its payment obligation (known as the "probability of default"); and (iii) the estimate, in percent terms, of the quantity of the credit that will not be able to be recovered in the event of default (known as "loss given default"), formulated on the basis of past experience and possible recovery actions (e.g., out-of-court action, litigation, etc.).

TRADE RECEIVABLES

Receivables are initially recorded at fair value, which corresponds to their nominal value, and subsequently measured at amortised cost and reduced in the event of impairment. In addition, they are adjusted to their estimated realisable value

through the recording of a special adjustment provision based on the expected loss criterion.

FACTORING OF RECEIVABLES

Receivables transferred following factoring operations are eliminated from the balance sheet only when the related risks and benefits of ownership have been substantially transferred. Non-recourse receivables which do not satisfy these requisites remain on the balance sheet of the company, even if legally transferred. In this case a financial liability of a similar amount is recorded under liabilities against advances received.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank deposits, units in liquidity funds and other money market securities that are readily convertible into cash and for which the risk of changes in value is insignificant.

TREASURY SHARES

The treasury shares are recorded as a reduction of shareholders' equity. The purchase, sale, issue, or cancellation of capital instruments of the company do not result in the recording of any gain or loss in the income statement.

PROVISIONS FOR RISKS AND CHARGES

The company recognises a provision for risks and charges when the risk related to an obligation deriving from a past event is considered probable and a reliable estimate may be made on the amount of the obligation. Provisions are made based on management's best estimate of the cost of fulfilling the obligation at the end of the reporting date and are discounted to their present value when the effect is material. These risks are subject to a high level of complexity and uncertainty, and therefore the amount of the provision for risks and charges is reviewed periodically to reflect the best current estimate of each provision.

FINANCIAL LIABILITIES

Financial liabilities, other than derivatives, are initially recognised at fair value less any transaction costs; they are subsequently recognised at amortised cost using the effective interest rate for discounting purposes, as explained in the previous paragraph "Financial assets". A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities held by the Company are classified in the financial statements as follows:

- Other non-current financial liabilities
- Non-current liabilities deriving from contracts
- Other payables and non-current liabilities
- Other current financial liabilities
- Trade payables
- Trade payables - Group companies
- Current liabilities deriving from contracts
- Other payables and current liabilities.

PAYABLES

The trade and other payables are initially recorded at cost, which is the fair value of the amount paid less transaction costs. Subsequently, the payables with fixed maturity are measured at amortised cost, using the effective interest method, while those that do not have a fixed maturity are measured at cost. The current payables, on which no interest is applicable, are measured at nominal value. The fair value of the long-term payables was determined discounting

the future cash flows: the discount is recorded as a financial charge over the duration of the payable to maturity.

EMPLOYEE BENEFITS

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The obligation to fund the defined benefit pension plans and the annual cost recognised to the income statement are determined by independent actuarial valuations using the projected unit credit method, on the basis of one or more factors such as age, years of service and expected future remuneration. Actuarial gains and losses deriving from changes to the actuarial assumptions and adjustments based on past experience are debited/credited to equity, through other comprehensive income, in the period in which they arise. Where the calculation of the amount to be taken to equity gives rise to an asset, the amount recognised is limited to the present value of the economic benefits available in the form of reimbursements or reductions of future plan contributions. Defined benefit plan costs are classified to personnel expenses, except for any costs associated with the increase in the present value of the obligation nearer to the payment date which are recognised under financial charges.

TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

The receivables and payables originally expressed in foreign currencies are translated into Euro at the exchange rate when the transaction originated. The

differences arising on the collection of receivables and settlement of payables in foreign currencies are recorded in the income statement. Income and charges relating to foreign currency transactions are recorded at the exchange rate at the transaction date.

At the end of the period, the assets and liabilities valued in foreign currencies, with the exception of non-current assets, are recorded at the exchange rates at the balance sheet date and the relative gains or losses on exchange are recorded in the income statement. Where the conversion gives rise to a net gain, it is allocated to a non-distributable reserve until its effective realisation.

REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 requires the recognition and measurement of revenues from contracts with customers according to the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to a customer); (iii) establishment of the transaction price; (iv) the allocation of the transaction price to the performance obligations identified on the basis of the standalone sales price of each good or service and (v) recognition of revenue upon satisfaction of the relative performance obligation (i.e. on the transfer to the customer of the asset or service promised). The transfer is considered complete when the customer obtains control of the goods or services, which may occur over time or at a point in time. The amount that the entity recognised as revenue should reflect the consideration that it has the right to receive following the exchange of the assets transferred to the customer and/or services provided, recognised upon fulfilment of the contractual obligations.

The company generates revenue primarily from periodic fees or other ongoing services that are thus recognised over time.

FINANCIAL INCOME

Financial income includes interest income on funds invested and income deriving from financial instruments. Interest income is recorded in the income statement at the moment of maturity, considering the effective yield.

FINANCIAL EXPENSES

Financial expenses include interest expense on financial payables calculated using the effective interest method and bank expenses.

INCOME TAXES

Income taxes include all the taxes calculated on the assessable income of the Company. They are recognised to the income statement, except those relating to accounts directly credited or debited to equity, in which case the tax effect is recognised directly to equity. Other taxes not related to income, such as taxes on property, are included under operating expenses. Deferred taxes are calculated in accordance with the liability method. They are calculated on all the temporary differences between the assessable income of an asset or liability and the relative book value, with the exception of the goodwill not fiscally deductible and of those differences deriving from investments in subsidiaries for which a write-down is not expected in the foreseeable future. Deferred tax assets are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred tax assets and liabilities are offset when the income tax is applied by the same fiscal authority and when there is a legal right of compensation. They are measured at the tax rates that are expected to apply to the period when the temporary difference is reversed in the jurisdiction in which the Company operates.

USE OF ESTIMATES

The preparation of the financial statements and the relative notes in application of IFRS require that the Management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the balance sheet date. The actual results may differ from such estimates. The estimates are used to value the intangible and tangible assets subject to impairment tests as described above in addition to record provisions for risks on receivables, inventory obsolescence, amortisation and depreciation, write-down of assets, employee benefits, income taxes and other provisions. Specifically:

Recoverability of the value of goodwill and tangible and intangible assets

The impairment testing procedure for goodwill and intangible and tangible assets described under the accounting policies “Impairment of Non-Financial Assets” and “Goodwill” entails, when estimating value in use, the use of assumptions regarding the expected cash flows of the cash-generating unit (“CGU”) identified, coinciding with the company, in reference to the 2019-2022 plan, and the determination of an appropriate discounting rate (WACC) and long-term growth rate (g-rate). These assumptions are based on the management’s expectations of focusing on increasing the sales of certain product families with the greatest margins, improving the absorption of fixed costs, of constantly improving the performances of existing products and of developing innovative products.

In accordance with international accounting standard IAS 36, since this CGU includes goodwill, the Company’s management has conducted an impairment test to determine whether the carrying amounts of the CGU’s assets in the financial statements as at December 31, 2018 exceed their recoverable amounts.

In this regard, although within the context of general uncertainty created by the spread in 2020 of Covid 19 (“Coronavirus”) and the consequent restrictive measures imposed for its containment, currently there is no evidence to indicate that the forecasts for future cash flows used for impairment testing purposes are not current. However, it may not be excluded that the continuation of the current uncertainty may have economic impacts, which at the preparation date of these financial statements can neither be quantified or estimated. It should also be noted that given the coverage from the impairment tests on the balance sheet amounts recognised, the Directors currently do not consider that any uncertainty exists on their recoverability, although shall constantly monitor this issue for the remainder of the year. Further details of the directors’ considerations regarding the spread of the coronavirus are provided in the paragraph “Subsequent events after the year end” of the directors’ report.

Impairments of financial assets

The recoverability of financial assets not designated at fair value through profit or loss is assessed according to the Expected Credit Loss Model. In particular, expected losses are generally determined on the basis of the product of: (i) the exposure towards the counterparty, net of the related mitigating factors (known as “exposure at default”); (ii) the probability that the counterparty will fail to discharge its payment obligation (known as the “probability of default”); and (iii) the estimate, in percent terms, of the quantity of the credit that will not be able to be recovered in the event of default (known as “loss given default”), formulated on the basis of past experience and possible recovery actions (e.g., out-of-court action, litigation, etc.).

Employee benefits

The present value of liabilities for employee benefits depends on a series of factors which are determined using actuarial techniques and based on certain assumptions. The assumptions relate to the discount rate, estimates of future salary increases and death and resignation rates. Any change to these assumptions may have significant impacts on the pension benefit liability.

Income taxes

Income taxes for the year represent the sum of current and deferred taxation. Deferred income taxation is recorded on temporary timing difference between the financial statements and the taxable profit, recognised using the liability method. The deferred taxes are calculated based on the fiscal rates applicable when the temporary differences reverse. The deferred tax charges are recognised in the income statement with the exception of those relating to accounts recognised in equity in which case the deferred tax charges are also recognised in equity. Deferred tax assets are recognised when the income taxes are considered recoverable in relation to the taxable profit expected for the period in which the deferred tax asset is reversed. The carrying amount of deferred tax assets is reviewed at the end of the year and reduced, where necessary.

Contingent liabilities

With reference to the estimation of the risk of potential liabilities from litigation, the Directors rely on the communications received on the recovery procedures and litigation communicated by the legal advisors, which represents the Company in the disputes. These estimates are made taking into account the development of the disputes.

The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised to the income statement.



NEW ACCOUNTING STANDARDS



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

The following amendments were applied for the first time by the Company from January 1, 2019:

- 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:
 - IFRS3 Business Combinations and IFRS11 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 financial statements.

- The IASB published the document “Plan 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 amendment requires the entity to update its assumptions and to remeasure the net liability or asset resulting 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 company has not modified its existing plans; the adoption of this amendment does not have effects on the separate financial statements.
- 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 necessity to apply IFRS 9, including the requirements related to impairment, to the other long-term interests in associates and joint ventures which do not apply the equity method. The adoption of this amendment does not have effects on the company’s financial statements.
- The IASB published the interpretation “Uncertainty over Income Tax Treatments” on June 7, 2017. The document addresses the issue of uncertainty over income tax treatments. 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. If the entity believes it is improbable that the tax authorities will accept the tax treatment followed, the entity shall reflect the effect of the uncertainty on the measurement of its current and deferred income taxes. The interpretation does not contain any new disclosure requirements but highlights that an entity should establish whether there will be a need to provide any disclosures based on management considerations relating to any uncertainty over the accounting treatment of taxation, in accordance with IAS 1. The new interpretation has been applied with effect from January 1, 2019. The adoption of this amendment does not have effects on the financial statements.

- 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 financial statements.

IFRS AND IFRIC STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY THE COMPANY AT DECEMBER 31, 2019

- 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 introduced were approved on November 29, 2019 and apply to all transactions subsequent to January 1, 2020. The Directors do not expect an impact on the company’s financial statements from the adoption of this amendment.
- On March 29, 2018, the IASB published an amendment to the “References to the Conceptual Framework in IFRS Standards”. The amendment is effective from periods beginning on or after January 1, 2020, although early application is permitted. The Conceptual Framework defines the fundamental concepts for financial reporting

and guides the Board in developing the IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, thus providing useful information to investors, lenders and other creditors. The Conceptual Framework supports companies in developing accounting policies when no IFRS standard is applicable to a particular transaction and, more generally, helps stakeholders to understand and interpret the Standards.

- The Directors do not expect an impact on the company's financial statements from the adoption of this amendment.
- The IASB, on September 26, 2019, published the amendment entitled "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". The same amendment to IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments: Disclosures. In particular, the amendment changes some of the requirements for the application of hedge accounting, establishing temporary derogations in order to mitigate the impact from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendment also requires companies to provide additional information in their financial statements on their coverage ratios which are directly impacted by the uncertainties generated by the reform and to which the above derogations apply.
- The Directors do not expect an impact on the company's financial statements from the adoption of this amendment.

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

At December 31, 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 certain clarifications on the definition of a 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 satisfy the definition of a business, an integrated set of activities/processes and assets shall include, at the very least, an input and a substantive process which, together, make a significant contribution towards the ability to create outputs. 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"), which allows for the

exclusion of the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of activities after January 1, 2020, although advance application is permitted.

The Directors are currently assessing the possible effects from the introduction of these amendments on the separate financial statements of the company.

- On May 18, 2017, the IASB published **IFRS 17 - Insurance Contracts which replaces IFRS 4 - Insurance Contracts**. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The IASB developed the standard in order to eliminate inconsistencies and weaknesses in the existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer. The new standard sets out in addition presentation and disclosure requirements to improve comparability between entities belonging to the same sector. It measures insurance contracts on the basis of a General Model or a simplified version of such, called the Premium Allocation Approach ("PAA"). The main features of the General Model are:
 - the estimates and assumptions of future cash flows always refer to the current portion;
 - the measurement reflects the time value of money;
 - the estimates include an extensive use of observable market information;
 - a current and clear risk measurement exists;
 - the expected profit is deferred and aggregated into groups of insurance contracts on initial recognition; and,
 - the expected profit is recognised in the period of contractual coverage, taking account of adjustments from changes in the assumptions on cash flows for each group of contracts.

The PPA approach involves the measuring of the liability for the residual coverage of a group of insurance contracts on the condition that, on initial recognition, the entity expects that this liability reasonably reflects an approximation of the General Model. Contracts with a coverage period of one year or less are automatically considered appropriate for the PPA approach. The simplifications from application of the PPA method do not apply to the valuation of liabilities for existing claims, which are measured with the General Model. However, it is not necessary to discount these cash flows where it is expected that the balance will be paid or received within one year from the date on which the claim occurred. The entity should apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF). The standard is effective from January 1, 2021, although early application is permitted, only for entities

applying IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

The Directors do not expect that the adoption of this standard will have a significant impact on the company's separate financial statements.

- Amendments to IAS 1 and IAS 8 – “**Definition of Material**” (published on October 31, 2018). The amendments introduce a new definition of the concept of materiality to provide the company with clearer indications as to whether information should be included in their financial statements. The amendments are effective from January 1, 2020, although advance application is permitted.

Main notes to the balance sheet

1. INTANGIBLE ASSETS AND GOODWILL

	31/12/2019	31/12/2018	Changes
	5,995,149	3,415,676	(2,579,473)

Movements of Intangible Assets over the last two years:

Description	31/12/2018	Increases	Decreases	Amortisation	31/12/2019
Goodwill	1,315,026	1,206,014	0	0	2,521,040
Goodwill	1,315,026	1,206,014	0	0	2,521,040
Development Costs	359,716	331,785	0	(206,218)	485,282
Concessions and brands	352,886	1,029,530	0	(312,981)	1,069,435
Assets in progress	888,740	943,355	(416,444)	0	1,415,650
Other	499,308	292,185	(66,381)	(221,372)	503,741
Other intangible assets	2,100,650	2,596,855	(482,825)	(740,571)	3,474,109
Total	3,415,676	3,185,868	(482,825)	(740,571)	5,995,149

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

Description	Historic cost	Accumulated amortisation	Revaluations	Write-downs	Net value
Goodwill	1,315,026	0	0	0	1,315,026
Goodwill	1,315,026	0	0	0	1,315,026
Development Costs	967,725	(608,009)	0	0	359,716
Concessions and brands	693,933	(341,047)	0	0	352,886
Assets in progress	888,740	0	0	0	888,740
Other	1,070,150	(570,842)	0	0	499,308
Other intangible assets	3,620,548	(1,519,898)	0	0	2,100,650
Total	4,935,574	(1,519,898)	0	0	3,415,676

Goodwill

At December 31, 2019 the company recorded goodwill for a total of Euro 2,521 thousand.

The goodwill recognised to the financial statements mainly derives from the following transactions:

- 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 thousand;
- the acquisition of the Visiant Technologies (Visiant Group) business unit, which manages the Data center services and infrastructure for an amount of Euro 381 thousand;
- the merger by incorporation of Foster S.r.l., with accounting and tax effects from January 1, 2019 and recognised to assets following the approval of the Board of Statutory Auditors for an amount of Euro 1,206 thousand; the accounting was carried out in continuity with the consolidation.

Goodwill is not subject to amortisation; rather, in accordance with the accounting standard IAS 36, it is tested for impairment at least annually by comparing the recoverable amount determined according to the value in use method with its carrying amount.

Impairment test

The recoverability of assets with indefinite lives was the subject on December 31, 2019 to an impairment test on the basis of the 2020-2022 estimates plan extrapolated for the parent company alone.

The directors conducted the impairment test with support from an independent expert.

The recoverable amount of the CGU was determined as its value in use, calculated as the sum of the discounted future cash flows generated on an ongoing basis by NCE (Unlevered Discounted Cash Flow method). The value in use is based on estimates and assumptions by the directors regarding, inter alia, the company's expected cash flows according to the 2020-2022 business plan approved by the Board of Directors, the express forecasts in which have been extended by management through 2025 to consider the development of the synergies from the recent acquisitions and sector growth rates, estimated terminal value, the determination of an appropriate discount rate (WACC) of 8.26% and long-term growth rate (g-rate) of 1.2% (OECD estimate of Italian GDP growth).

The values used in calculating the average cost of capital (extrapolated from the main financial sources) are as follows:

- Group financial structure: 12.58% (debt) and 87.42% (equity)
- unlevered beta for the sector: 1.07 (figure provided by ICE Data Services as at March 13, 2020, calculated as the average for the last five years);
- risk-free rate: 1.6%, according to the estimates by Professor P. Fernandez, 2019, for the Italian market;
- risk premium: 6.30% (attributable to the Italian market by Professor Fernandez, 2019);
- Additional risk premium: 1%
- cost of debt: 0.71% (0.94% pre-tax), consistent with the Group's cost of debt.

The significant plan assumptions include revenue growth of approximately 8%-9% per annum on the basis of the past performance of the recurring fee backlog: the Company has a significant backlog, equal to 86% of its estimated revenues for the first year, whereas no increase in the revenues of the project section has been estimated on a prudential basis. For further information, reference should be made to the consolidated financial statements.

The impairment test did not identify any impairment since the resulting value in use was always found to exceed the carrying amount.

Due to the uncertainty related to the occurrence of any future event, in relation to both whether such events in fact occur and the extent and timing of their occurrence, the value in use of the goodwill is particularly sensitive to any changes in the assumptions underlying the impairment test.

On this basis, the Directors, always with the support of an independent expert, even if the value of Goodwill recorded is not significant compared to the Company's performance, have nevertheless carried out a sensitivity analysis to determine the results that could emerge when the relevant assumptions change.

The sensitivity analysis therefore confirms a high level of coverage also in light of the insignificance of the book values recorded compared to the results achieved by the Company.

- the impairment test reaches a break-even level using a WACC of 14.80% (keeping the increase in terminal unchanged at 2.5%, along with all plan assumptions);
- the impairment test reaches a break-even level with a significant reduction of the terminal value EBITDA (keeping all other plan assumptions unchanged) of 30%;
- the impairment test reaches a break-even level using a g-rate of -12.20% (maintaining all other assumptions of the plan unchanged).

In addition, the sales, profitability and order performance for 2020 confirmed the growth levels underpinning the plan.

Concessions and brands

This account mainly includes the platform developed by Foster, a document software platform relating to EIM services based on the ALFRESCO platform whereby Wiit provides EIM services to its customers.

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 company issues and manages contractually covered services and interfaces with customers.

IT Security is one of the services in which the company is heavily investing R&D, as demand from customers is expected to significantly rise. In fact, the cost of development activities is related to a significant degree to implementing 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.

The following activities were undertaken and completed during the year on the basis of assessments performed on systems to improve the security levels of the entire architecture:

- Implementation of patching automation for Windows virtual systems
- Implementations of automatic DB copy management systems

Assets in progress

Among assets in progress, other components of WIIT's security infrastructure are being analysed and rolled out, including:

- Implementation of balancer
- Implementation of segregation technologies and products (NSX, Pluribus)
- Next Generation Firewall integration
- Implementation of patching automation on non-Windows environments

Another project being implemented is "Automated Billing", which consists of the automation of processes from the standpoint of resource volumes and the relative economic aspects. 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.).

Activities on the SAP S4 system have also been planned in support of the Automatic Billing project to permit the integration and invoicing of the additional volumes recorded.

To continue to provide constantly improving services to its customers, WIIT has set up several projects involving upgrades and development of its infrastructure.

The "Icinga Monitoring" project involves the implementation of a new reporting tool capable of providing customers with greater reporting configurability with more detailed analyses, as often requested by customers. The current monitoring system, NAGIOS, will therefore gradually be replaced by the new tool, ICINGA.

The "Network Virtualisation" project involves the implementation of a new network architecture at proprietary data centres that can easily be integrated with SDN (software-defined network) technologies such as VMWare's NSX. The new infrastructure will enable the implementation of new features requested by the market, which will eventually be sold to end customers.

The "Cloud Infrastructure Evolution" project involves enhancement and evolution of WIIT's infrastructure to provide customers with new services, such as:

- vCloud Director
- Pivotal Kubernetes Service

This project also includes enhancement of core devices, with migration to higher-performing technologies.

The “WIIT Platform” project involves the implementation of an IT platform that includes WIIT’s application tools such as Trouble-Ticketing and Assets, in order to create a suite of integrated services that can be sold to customers as modules in support of its main range.

The project calls for integration of all tools currently in use by WIIT and Group companies into the WIIT Platform.

The “Business Intelligence” project will enable WIIT to automate its reporting – currently partly manually generated – and to provide customers with reports that are no longer static, but can be configured as needed.

Several projects were completed in 2019 for the amount of Euro 417 thousand, mainly in connection with the “WIIT Cyber Security Roadmap” and electronic invoicing.

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 competitiveness and market expansion capacity.

Others

This account mainly includes software and user licenses which are investments made to provide services in the Cloud to its customers. The account also encompasses “deferred charges” such as investments that the company acquires from parties to implement IT systems.

2. PROPERTY, PLANT & EQUIPMENT

31/12/2019	31/12/2018	Changes
17,097,137	14,484,307	(2,612,830)

Movements of property, plant and equipment during the reporting year:

Description	31/12/2018	Increases	Depreciation	31/12/2019
Right-of-use	1,099,816	5,218,220	(1,082,311)	5,235,724
Property, plant and equipment	3,570,059	165,000	(858,032)	2,877,027
Other tangible assets	9,814,432	2,297,497	(3,127,544)	8,984,386
Total	14,484,307	7,680,717	(5,067,887)	17,097,137

The right-of-use was composed as follows:

Description	31/12/2018	Change	Depreciation	31/12/2019
Right-of-use				
Rental cars	517,116	242,079	(218,968)	540,227
Property leases	582,699	4,976,141	(863,343)	4,695,497
Total	1,099,815	5,218,220	(1,082,311)	5,235,724

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

Description	Historic cost	Accumulated depreciation	Net value
Right-of-use	1,891,149	(791,333)	1,099,816
Property, plant and equipment	8,654,054	(5,083,995)	3,570,059
Other tangible assets	15,847,347	(6,032,915)	9,814,432
Total	26,392,550	(11,908,243)	14,484,307

The right-of-use was composed as follows:

Description	Historic cost	Accumulated depreciation	Net value
Right-of-use			
Rental cars	686,865	169,749	517,116
Property leases	1,204,284	621,585	582,699
Total	1,891,149	791,334	1,099,815

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.

“Property, 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. INVESTMENTS

The equity investments held by the Company at the end of 2019 are in the subsidiary Wiit Swiss SA, with registered office in Lugano, established in July 2016 with a view to developing the activities of the Wiit Group internationally and finally in the subsidiary Adelante S.r.l., held 100% since July 2018, and in the subsidiary Matika Spa, held 60% since July 2019.

Company	31/12/2019	31/12/2018
Foster Srl	0	1,308,050
Wiit Swiss SA	92,699	92,699
Adelante Srl	12,636,722	12,636,722
Matika SpA	7,243,642	0
Total	19,973,063	14,037,471

Subsidiaries and associates

Company	City	S.C.	Shareholders' Equity	Profit/(loss)	% held	Value	Changes Carrying amount and S.E.
Wiit Swiss SA	Lugano	92,022	730,987	578,375	100.00%	92,699	1,907,437
Adelante S.r.l.	Florence	119,900	1,992,140	661,828	100.00%	12,636,722	(6,771,265)
Matika S.p.A.	Vicenza	120,000	3,541,557	1,010,970	60.00%	7,243,642	(5,118,708)

The shareholders' equity and the net profit are from the last approved financial statements (year ending 31.12.2019).

In accordance with IAS 36, the Company carried out the analysis to test the presence of indicators of impairment and/or loss of value. To this end, it has in particular tested the recoverability of the book value of equity investments to ensure that the book value is not higher than the recoverable value.

In view of the fact that the book value of the equity investments is higher than the value of the related share of shareholders' equity in relation to the higher price paid during the acquisition, the Company has tested the book value of the equity investments in the subsidiaries Matika S.p.A. and Adelante S.r.l. at December 31 2019 for recoverability.

The method of verifying recoverable value, as expressed in IAS 36, is based on the discounting of expected future cash flows from investments together with the calculation of the respective Terminal Value (the so-called DCF - Discounted Cash Flow - Equity side method).

In determining the recoverable value, identified in the value in use as the sum of the discounted cash flows generated in the future and on an ongoing basis net of the subsidiary's net financial position, Management has made reference to the 2020-2022 plans of these subsidiaries drawn up by local management in collaboration with the Company's Management and subsequently included in the consolidation plan approved by the Company's Management. The estimated terminal value has been added to these discounted cash flows, which includes the long-term growth rate (g-rate) of 1.20% (OECD Italian GDP growth estimate), also discounted at an appropriate discount rate (WACC).

In particular, the key variables of greatest importance in the determination of cash flow forecasts are based on Management's prospects of focusing on increasing sales of higher-margin products by improving the absorption of fixed costs, also in view of the synergies they will benefit from in terms of their performance since joining the Wiit Group.

More specifically, in order to determine the recoverable value of the investments tested, cash flows were discounted using a discount rate (WACC) that takes into account the specific risks of the investment and reflects current market assessments of the cost of money. Considering that the Companies are of similar size and operate in the same business and country, the same WACC was used for both, equal to 9.81%.

The values used in calculating the average cost of capital (extrapolated from the main financial sources) are as follows:

- financial structure of full equity companies
- unlevered beta for the sector: 0,721 (Value estimated by Prof. Aswath Damodaran (2019) for the Software (Internet) sector, based on a sample of comparable European companies);
- risk-free rate: 1.6%, according to the estimates by Professor P. Fernandez, 2019, for the Italian market;
- risk premium: 6.30% (attributable to the Italian market by Professor Fernandez, 2019);

Additional risk premium: 3.67% considering that the company is small and not listed on regulated markets)

The impairment test carried out did not reveal any impairment losses with regard to the investments indicated above.

In this regard, with further support from an independent expert the Directors also carried out a sensitivity test to calculate the potential effects of changes in the relevant hypotheses.

With regard to sensitivity, it is noted that:

With reference to the investment in Adelante S.r.l.:

- the impairment test reaches a break-even level using a WACC of 11.62% (keeping the increase in terminal unchanged at 1.2%, along with all plan assumptions);
- the impairment test reaches a break-even level with a reduction of the terminal value EBITDA (keeping all other plan assumptions unchanged) of 13%;
- the impairment test reaches a break-even level using a g-rate of -1.02% (keeping all other assumptions of the plan unchanged).

With reference to the investment in Matika S.p.A.:

- the impairment test reaches a break-even level using a WACC of 19.24% (keeping the increase in terminal unchanged at 1.2%, along with all plan assumptions);
- the impairment test reaches a break-even level with a significant reduction of the terminal value EBITDA (keeping all other plan assumptions unchanged) of 45%;
- the impairment test reaches a break-even level using a g-rate of -12.61% (keeping all other assumptions of the plan unchanged).

The sensitivity analysis thus confirms a high level of coverage.

It should also be noted that, with regard to the acquisition of Adelante S.r.l. in July 2018, the company availed itself of the right to determine the values deriving from the acquisition on a provisional basis. During 2019, following the restatement of these values and in particular with reference to the contingent consideration envisaged on Adelante's results, the value was changed from Euro 8,789 thousand to Euro 12,637 thousand. For comparative purposes this has led to the restatement of the data as at 31.12.2018, which have been restated.

The investment held by the Company in Foster S.r.l., at December 2018 equal to 100%, was eliminated following the merger by incorporation into Wiit Spa on October 15, 2019, with accounting and tax effects from January 1, 2019.

There are no restrictions on availability placed by the holding company on investees, nor options rights or other liens if not in favour of the investing company.

4. FOSTER S.R.L. MERGER

On October 15, 2019, the consolidating company completed the merger by incorporation of Foster, acquired in 2018 by the parent company Wiit Fin S.r.l., owner of a document management platform through which the Group provides, inter alia, enterprise information management and digital business process outsourcing services.

The values of the transaction are presented below.

in Euro	Book value of Net Assets Acquired
Intangible assets	617,000
Other tangible assets	118
Right-of-use	150,000
Other non-current assets	54,354
Other non-current assets	8,567
Trade receivables	317,285
Other receivables and other non-current assets	96,580
Cash and cash equivalents	3,890
TOTAL ASSETS	1,239,277
Payables to other lenders	(600,000)
Deferred tax liabilities	(163,773)
Employee benefits	(25,567)
Deferred tax liabilities	(36,257)
Payables to parent companies	(263,486)
Trade payables	(37,157)
Other payables and current liabilities	(10,951)
TOTAL LIABILITIES	1,137,191
Total net assets incorporated (a)	102,036
carrying value of the investment (b)	1,308,050
Merger deficit allocated to GOODWILL (b-a)	1,206,014

Foster's shareholding was merged in order to create an integrated and stable production and commercial structure. The merger was consistent with the consolidated value at December 31 2018, contributing assets, liabilities and goodwill as shown in the table.

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

Contract assets are the part of the costs incurred in advance associated with the right to receive payment in exchange for the goods and services which the company has transferred to the customer, where the right is conditional on the provision of future goods or services by the entity. They refer to costs incurred for up-front fees for the set-up of the service that with effect from 2019 are managed within periodic fees.

At 31.12.19, this account concerning non-current assets from contracts amounts to Euro 440,499 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.

6. TRADE RECEIVABLES

The account consists of:

Description	31/12/2019	31/12/2018	Change
Trade receivables	4,167,014	2,919,230	1,247,784
Doubtful debt provision	(284,231)	(234,928)	(49,303)
Total	3,882,783	2,684,302	1,198,481

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

Receivables by region are broken down as follows:

Country	31/12/2019	31/12/2018	Change
Italy	4,114,341	2,901,230	1,213,111
EU countries	0	0	0
Non-EU countries	52,673	18,000	34,674
Doubtful debt provision	(284,231)	(234,928)	(49,303)
Total	3,882,783	2,684,302	1,198,481

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

The changes in the doubtful debt provision in the year ended December 31, 2019 were as follows:

Balance at 31/12/2018	234,928
Foster provision	6,048
Provision in the period	43,255
Total	284,231

The provision includes the accrual as per IFRS 9 for Euro 24 thousand. For this provision, the rates taken as reference are those related to country risk and sector risk.

The doubtful debt provision underwent a further increase in connection with a partially defaulted account; it was not drawn down during the year.

7. TRADE RECEIVABLES FROM GROUP COMPANIES

“Trade receivables from group companies” due within 12 months amount to Euro 116,791 and mainly concern normal commercial transactions during the period with the subsidiary Adelante for Euro 96,600 thousand.

8. CURRENT ASSETS FROM CONTRACTS, CURRENT FINANCIAL ASSETS AND OTHER CURRENT ASSETS

Description	31/12/2019	31/12/2018	Change
Assets from contracts	269,324	329,905	(60,581)
Current financial assets	647,000	0	647,000
Tax Receivables	1,914,738	823,579	1,091,159
Receivables from others	193,591	282,364	(88,773)
Total	2,377,654	1,435,848	941,806

Contract assets are the part of the costs incurred in advance associated with the right to receive payment in exchange for the goods and services which the company has transferred to the customer, where the right is conditional on the provision of future goods or services by the entity. They refer to costs incurred for up-front fees for the set-up of the service that with effect from 2019 are managed within periodic fees.

Current financial assets refer to receivables for dividends approved in 2019 but not yet distributed by Adelante S.r.l.

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 1,761 thousand, which include the patent box benefit relating to the years 2015-2019, and the IRAP receivable of Euro 100,753. Other receivables mainly refer to advances to suppliers and the employee expense fund.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of Euro 8,990,107 at December 31, 2019 comprise Euro 3,525,473 as current account balances and Euro 5,464,634 from investments in securities without liquidation restrictions. These in particular concern investments in a diversified securities fund in order to obtain the best yield, immediately liquid and subject to insignificant risk of potential changes in value. It should be noted that after the reporting date they were used in full to purchase the controlling shareholdings in Etaeria S.p.A. and the Aedera business line. The divestment entailed an impairment loss of Euro 78 thousand.

10. SHAREHOLDERS' EQUITY

The share capital comprises 2,652,066 shares without nominal value. Subscribed and paid-in share capital did not change during the year.

At December 31, 2019, the shares in circulation therefore numbered 2,652,066.

At December 31, 2019, Wiit S.p.A. holds 131,061 treasury shares (4.94% of the share capital), recognised to the financial statements for a total amount of Euro 7,590,034.

In compliance with International Financial Reporting Standards (IFRS), this amount was recognised as a reduction of shareholders' equity.

The share capital of the company is comprised as follows (Article 2427, first paragraph, No.7 of the Civil Code).

<u>Shares</u>	<u>Number</u>
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)

Treasury shares

The amount of Euro 7,590,034, classified to other reserves, concerns the market price of the 131,061 treasury shares which Wiit S.p.A. acquired in the period from November 2017 to July 2018, as part of the treasury share buy-back plan approved by the Shareholders' Meeting of October 18, 2017, and from May 2019 to August 2019, within the framework of the treasury share buy-back plan approved by the Shareholders' Meeting of March 18, 2019.

The buy-back plan is for the acquisition of WIIT S.p.A. shares on the AIM Italia / Alternative Capital Market, including through specialised intermediaries, to be held as treasury shares. Specifically, buy-back plan is intended to provide 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.

Earnings per share

The basic earnings per share is calculated by dividing the profit/loss attributable to the shareholders of the Company by the average weighted number of ordinary shares outstanding during the period. Share results and information are shown below for the calculation of basic losses per share.

EARNINGS PER SHARE	2019	2018
Net profit for the year	6,240,515	2,371,787
Average number of ordinary shares, net of treasury shares	2,567,798	2,546,958
Basic earnings per share (Euro per share)	2.43	0.93
Diluted earnings per share (Euro per share)	2.43	0.93

The non-distributable reserves are correlated to the adoption of IFRS 16, together with IFRS 15 and IFRS 9, applying the mixed retrospective method, which had a negative impact on shareholders' equity 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).

The table below shows the distributability of Wiit Spa's reserves:

Description	Amount	Poss. of utilisation (*)	Quota distributable (**)	Util. in 3 prev. years to cover losses	Util. in 3 prev. years for other reasons
Share capital	2,652,066				
Capital reserves					
Share premium reserve	19,248,704	A,B,C	19,248,704		
Performance Shares Reserve	0				
Profit reserves:					
Legal reserve	530,413	B	530,413		
Other reserves:					
Listing reserve	-1,090,259				
Treasury shares reserve	-7,590,034				
Performance shares reserve	939,278	A,B,C	939,278		
First-time adoption reserve IFRS 16, 9, 15	-1,237,271				
First-time adoption	-101,168				
Actuarial gains/losses	-225,889				
Retained earnings	87,605	A,B,C	87,605		
Total	13,213,446		20,806,001		
Non-distributable amount			530,413		
Residual amount distributable			20,275,587		

(*) Key:

A: for share capital increase

B: for the coverage of losses

C: for distribution to shareholders

D: for other statutory constraints

(**) Net of any negative reserve for treasury shares in portfolio

The prior year net profit of Euro 2,371,787 was distributed to shareholders in accordance with shareholders' meeting motion of March 18, 2019, for Euro 2,328,575, to the legal reserve for Euro 17,200 and for Euro 26,013 carried forward.

Net financial debt

As required by the CONSOB communication of July 28, 2006, the Company's net financial position is shown below:

	31/12/2019	31/12/2018 Restated (*)
A - Cash and cash equivalents	8,990,107	14,225,320
B - Securities held for trading	0	0
C - Cash & cash equivalents (A)+(B)	8,990,107	14,225,320
D- Current financial assets	647,000	0
E - Current bank payables	(5,273,589)	(3,814,345)
F - Other current financial liabilities	(6,181,406)	(1,410,000)
G - Payables to other lenders	(3,824,059)	(3,250,740)
H - Current financial debt (D)+(E)+(F)+(G)	(14,632,054)	(8,475,085)
I - Current net financial debt (H) - (C)	(5,641,947)	5,750,235
J - Bank payables	(7,092,425)	(6,144,430)
K - Payables to other lenders	(6,075,111)	(4,552,575)
L - Other non-current financial liabilities	(5,822,758)	(6,397,259)
M. Non-current financial debt (J)+(K)+(L)	(18,990,294)	(17,094,264)
N - Net financial debt (J) + (M)	(24,632,240)	(11,344,029)

The net financial position is based on the definition contained in the CESR Recommendation of February 10, 2005: "Recommendations for the uniform implementation of the European Commission regulation on financial statements".

The table below shows the reconciliation of financial assets and liabilities whose cash flows are included within the cash flow statement:

Description	31.12.2018	Cash flow[1]	Long-term - short-term reclassifications	New Funding	Business combinations	Dividends not paid	Non-monetary flows		31.12.2019
							Right-of-use	Other changes	
Non-current payables to other lenders	(4,552,575)	0	2,875,944	(1,061,467)			(3,350,105)	13,091	(6,075,111)
Non-current bank payables	(6,144,430)	0	3,543,920	(4,491,915)			0	0	(7,092,425)
Other non-current financial liabilities	(6,397,259)	0	631,800	0		0	0	(57,299)	(5,822,758)
Current financial assets	0	0	0	0		647,000	0	0	647,000
Payables to other lenders - current	(3,250,740)	3,582,411	(2,875,944)	0	(600,000)		(639,721)	(40,064)	(3,824,059)
Current bank payables	(3,814,345)	4,592,761	(3,543,920)	(2,508,085)			0	0	(5,273,589)
Other current financial liabilities	(1,410,000)	(3,291,743)	(631,800)	0	(844,700)	0	0	(3,163)	(6,181,406)
Net liabilities from financing activities	(25,569,349)	4,883,429	0	(8,061,467)	(1,444,700)	647,000	(3,989,826)	(87,434)	(33,622,348)
Liquidity	14,225,320	(6,897,746)	0	8,061,467	(6,398,934)	0	0	0	8,990,107
Net financial debt	(11,344,029)	(2,014,317)	0	0	(7,843,634)	647,000	(3,989,826)	(87,434)	(24,632,240)

11. PAYABLES TO OTHER LENDERS

Description	31/12/2019	31/12/2018	Change
			0
Lease payables	2,866,067	2,008,780	857,287
Financial payables	957,992	1,241,960	(283,968)
Total current	3,824,059	3,250,740	573,319
Lease payables	4,653,973	2,526,869	2,127,104
Financial payables	1,421,138	2,025,706	(604,568)
Total non-current	6,075,111	4,552,575	1,522,536
Total	9,899,170	7,803,315	2,095,855

Lease payables include the principal amounts of future leasing charges measured according to the finance method (IFRS 16, partly already recognised under IAS 17), in addition to property and motor vehicle lease contract payables relating to the above Standard. Financial payables refer to loans for capitalisations.

12. BANK PAYABLES

The bank payables at 31.12.2019 of Euro 12,366,014 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 mortgages or other forms of guarantee and are not subject to any covenants. The current portion is Euro 5,273,589, while the long-term portion is Euro 7,092,425.

ISSUING ENTITY	Current	Non-Current	Total	Maturity	Interest Rate
INTESA SAN PAOLO	503,751	0	503,751	30/10/2020	FIXED 0.75%
CREDITO VALTELLINESE	668,149	505,068	1,173,217	05/07/2021	FIXED 1.22%
CREDITO VALTELLINESE	687,189	74,535	761,724	05/04/2021	FIXED 1.25%
CARIGE	115,885	85,137	201,022	31/07/2021	FIXED 1.30%
INTESA SAN PAOLO	668,132	505,012	1,173,144	14/09/2021	FIXED 0.89%
MONTE DEI PASCHI DI SIENA	400,000	800,000	1,200,000	31/12/2022	EUR6M+0.7%
CREDEM	500,825	630,758	1,131,583	08/01/2022	FIXED 0.67%
INTESA SAN PAOLO	991,224	2,353,717	3,344,940	30/04/2023	FIXED 1.05%
CREDEM	248,126	628,506	876,632	02/04/2023	FIXED 0.75%
CREDITO VALTELLINESE	490,308	1,509,692	2,000,000	05/10/2023	FIXED 1.3%
Total	5,273,589	7,092,425	12,366,014		

At December 31, 2019, no hedging or trading instruments concerning the above loan contracts were in place.

13. OTHER FINANCIAL LIABILITIES

Description	31/12/2019	31/12/2018	Change
Current financial liabilities to third parties	6,181,406	1,410,000	4,771,406
Non-current financial liabilities to third parties	5,822,758	6,397,259	(574,501)
Total	12,004,163	7,807,259	4,196,905

The other non-current financial liabilities include the discounted value for a total amount of Euro 5,023 thousand, concerning the balance of the purchase price for the acquisition of the Adelante group of Euro 1,684 thousand and the earn-out for Euro 3,370 thousand. In addition to the above amounts, Euro 800 thousand was withheld as a guarantee for the purchase of Matika Spa.

On the basis of the above, we point out that at the end of the 2019 financial year the recurring part concerns the amount of Euro 802 thousand as the third instalment of the base price of Adelante Srl and the earn-out relating to the 2019 objective for Euro 632 thousand, and the balance of the NFP of Matika S.p.A. for Euro 45 thousand.

In addition, the account includes the amounts relating to the cash pooling of the subsidiaries, respectively Euro 402 thousand for Wiit Swiss SA, Euro 2,100 thousand for Adelante Srl and Euro 2,200 thousand for Matika S.p.A.

14. EMPLOYEE BENEFITS

Description	31/12/2019	31/12/2018	Change
Liabilities at January 1	1,075,332	918,236	157,096
Employees transferred	25,554	0	25,554
Financial expenses	(2,104)	(2,638)	534
Service cost	182,721	161,874	20,847
Payments made	(100,263)	(42,920)	(57,343)
Actuarial losses	101,649	40,780	60,869
Total	1,282,889	1,075,332	207,557

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

Financial assumptions

	31.12.2019	31.12.2018
Discount rate	Euro Curve Composite AA on 31.12.19	Euro Curve Composite AA on 29.12.18
Inflation	1.50%	1.50%

Demographic assumptions

	31.12.2019	31.12.2018
Mortality rate	ISTAT 2018	ISTAT 2017

Personnel turnover	10% per year of all ages	10% per year of 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

As required by IAS 19 Revised, the results in terms of DBO and service cost of various analyses of the sensitivity to changes in the main parameters of the Parent Company's assessment are presented below:

IAS 19 Revised sensitivity analysis

Discount rate curve sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,229,947	174,933	1,340,214	191,204

Inflation rate sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,306,205	185,666	1,260,315	179,869

Salary increase sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,299,003	185,863	1,267,553	179,738

Probability of termination of employment sensitivity

Base scenario		+50% Prob. Departure		-50% Prob. Departure	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,212,844	171,507	1,422,641	206,002

Post-employment benefit percent advance sensitivity

Base scenario		+50% Advances		-50% Advances	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,282,888	182,721	1,288,760	183,732	1,276,841	181,680

15. DEFERRED TAX ASSETS & LIABILITIES

Description	31/12/2019	31/12/2018	Change
Deferred tax assets	625,193	673,530	(48,337)
Deferred tax liabilities	212,782	(41,245)	254,027
Net position	837,975	632,285	205,690

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	673,530
Temporary differences on goodwill	4,155
IFRS 15 temporary differences	(135,257)
Foster temporary differences	84,096
IFRS 19 temporary differences	3,469
Temporary differences on write-down on receivables	(4,800)
Total deferred tax assets at 31/12/2019	625,193
Economic effect in the period	138,814

The difference between the impact on the balance sheet and the income statement of deferred tax assets is due to the effect of taxes on the actuarial gain/loss to shareholders' equity.

16. NON-CURRENT LIABILITIES FROM CONTRACTS

Liabilities from contracts concern the obligation to transfer to customers services for which the company has received consideration from the customer, called a "lump sum".

At December 31, 2019, the account concerns liabilities from contracts (long-term portion) consequent to the application of IFRS 15 for Euro 851,125.

17. CURRENT INCOME TAX LIABILITIES

Description	31.12.19
Treasury withholdings on third-party remuneration	16,984
Treasury IRAP payable	0
Treasury IRPEF payable	132,759
VAT payables	0
Total	149,743

18. TRADE PAYABLES

The breakdown by region of trade payables is as follows:

Description	31/12/2019	31/12/2018	Change
Italy	1,718,334	1,442,208	276,126
EU countries	75,591	36,619	38,972
Non-EU countries	10,385	3,299	7,086
Total	1,804,310	1,482,126	322,184

"Trade payables" are recorded net of trade discounts; however, cash discounts are recorded upon payment.

19. TRADE PAYABLES TO GROUP COMPANIES

At 31.12.2019 liabilities for Payables to companies refer to the subsidiary Matika S.p.A. for Euro 10,972.

20. LIABILITIES FROM CONTRACTS AND OTHER CURRENT LIABILITIES

Description	31/12/2019	31/12/2018	Change
Current liabilities deriving from contracts	488,404	765,604	(277,200)
Social sec. institutions	271,438	190,896	80,542
Employee payables	662,487	504,472	158,015
Other current liabilities	478,825	364,691	114,134
Total	1,901,154	1,825,663	75,491

At December 31, 2019, the account concerns liabilities from contracts (short-term portion), consequent to the application of IFRS 15 for Euro 488,404.

At the beginning of 2020, 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 2019, sales revenues amounted to Euro 22,502,281, increasing Euro 1,843,702 over 2018 revenues of Euro 20,658,579.

Revenues by product line

	2019	%	2018	%
Sale of products	21,112,989	93.83%	19,266,930	93.30%
Provision of services	1,256,299	5.58%	721,689	3.50%
Other revenues and income	132,993	0.59%	669,960	3.20%
Total	22,502,281	100.00%	20,658,579	100.00%

Revenues by region

Description	2019	2018	Change
Italy	22,331,774	20,605,959	1,725,815
EU countries	135,364	20,452	114,912
Non-EU countries	35,144	32,167	2,977
Total	22,502,281	20,658,579	1,843,704

For a more detailed consideration of market trends over the year, reference should be made to the Directors' Report.

"Other revenues and income", in line with the previous year, concern the sale of non-core product and services.

23. SERVICES

Description	2019	2018	Change
Purchase of other services from third parties	3,529,688	1,231,849	2,297,839
Purchase of Inter-company services	289,701	321,000	(31,299)
Electricity	371,385	325,512	45,873
Connectivity	801,110	754,509	46,601
Expenses on rental property	67,762	87,747	(19,985)
Product acquisition cost	1,334,804	2,079,021	(744,217)
Hire (low value lease)	169,512	117,830	51,682
Directors	1,540,732	2,077,535	(536,803)
Other	908,241	921,441	(13,200)
Total	9,012,934	7,916,444	1,096,491

The increase in the Purchase of other services from third parties includes approximately Euro 819 thousand in costs relating to the transition to the STAR segment of the MTA and non-recurring costs of Euro 244 thousand for the acquisition of Matika S.p.A..

24. PERSONNEL COSTS

Description	2019	2018	Change
Wages and salaries	3,029,257	3,054,326	(25,069)
Social security expenses	1,043,863	896,339	147,524
Post-employment benefits	184,254	161,874	22,380
Total	4,257,374	4,112,540	144,835

The average number of employees of the Company in 2019 remained unchanged at 99. Research and Development in the period was in line with the previous year.

25. AMORTISATION, DEPRECIATION AND WRITE-DOWNS

Amortisation and depreciation has 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 5,808,458 and a doubtful debt provision for Euro 43,256.

26. OTHER OPERATING COSTS

	2019	2018	Change
Extraordinary charges	55,291	0	55,291
Other costs	237,891	295,099	(57,208)
Total	293,182	295,099	(1,917)

"Other operating costs" of Euro 237,891 include residual costs, including banking expenses, charitable donations, penalties and sanctions etc.

27. WRITE-DOWN OF EQUITY INVESTMENTS

During the year, no investments were written down.

28. FINANCIAL INCOME

The financial income of Euro 2,773,805 refers mainly to the amount of dividends, as presented in the table below:

Dividends from Group companies	2019	2018	Change
WIIT Swiss SA	1,883,744	0	1,883,744
Adelante Srl	647,000	0	647,000
Total	2,530,744	0	2,530,744

The residual amount refers to interest income from bank current accounts and Mark-to-Market securities recorded in other cash and cash equivalents.

29. FINANCIAL EXPENSES

	2019	2018	Change
Bank interest	107,001	94,490	12,511
Interest expenses on leasing	99,350	115,064	(15,714)
Other financial expenses	221,926	278,563	(56,637)
Total	428,277	488,117	(59,840)

At 31.12.2019, other financial expenses include the discounting of the earn-outs of Adelante Srl and Matika Spa.

30. EXCHANGE GAINS AND LOSSES

The Company did not make any net exchange gains or losses during 2019.

31. INCOME TAXES FOR THE YEAR

	2019	2018	Change
Current income taxes	946,724	285,839	660,885
Deferred tax income & charges	(138,814)	196,183	(334,997)
Total	807,910	482,022	325,888

Current income taxes include IRAP of Euro 107,442, subject to an IRAP patent box benefit of Euro 138,278, and IRES consolidation income of Euro 38,701, subject to an IRES patent box benefit of Euro 877,186.

There are no prior unvalued losses.

The reconciliation between the tax charge recognised to the financial statements and the theoretical tax charge, based on the theoretical tax rates in force in Italy, is as follows:

Reconciliation of theoretical and current tax charge	IRES 2019		2019 IRAP	
	Assessable	Tax	Assessable	Tax
Profit before taxes	5,432,605			
Theoretical IRES average tax rate (Lombardy; Veneto; Lazio)		24%		3.98%
Difference between (A) – (B)			7,387,706	
Theoretical tax charge		1,303,825		294,371
Temporary differences deductible in future years	113,400	1,303,825	1,819,339	72,493
Taxable permanent differences	459,465	110,272	268,917	10,715
Deductible temporary differences	1,524,625	365,910	877,625	34,970
Deductible permanent differences	4,339,252	1,041,420	1,644,532.91	65,528
IRAP deductions from IRES	61,818	14,836		
Tax amnesty			2,023,865	80,643
New permanent employee deductibility 2015 Stability Law			2,233,509	88,996
ACE Tax Break	79,776	19,146		
Assessable IRES	0			
IRES current taxes		0		
Effective IRES rate		0.00%		
Assessable IRAP			2,696,430	
Current IRAP income taxes				107,442
Effective IRAP rate				1.45%

The theoretical taxes were calculated applying the IRES rate (24%) to the pre-tax result. IRAP is not taken into account for reconciliation purposes as, considering it has a tax base which does not refer to the pre-tax profit, it would generate distortive effects.

32. RECONCILIATION OF RESTATED BALANCES FROM 2018

BALANCE SHEET

	Restated 31.12.18	31.12.18	Change
ASSETS			
Other intangible assets	2,100,650	2,100,650	-
Goodwill	1,315,026	1,315,026	-
Property, plant and equipment	3,570,059	3,570,059	-
Other tangible assets	9,814,432	9,814,432	-
Right-of-use	1,099,816	1,099,816	-
Deferred tax assets	673,530	673,530	-
Equity Investments	14,037,471	10,190,212	3,847,259
Other non-current assets deriving from contracts	709,823	709,823	-
Other non-current assets	279,312	279,312	-
NON-CURRENT ASSETS	33,600,119	29,752,860	3,847,259
Inventories	0	0	-
Trade receivables	2,684,302	2,684,302	-
Trade receivables - subsidiaries	675,029	675,029	-
Current financial assets	0	0	-
Current assets deriving from contracts	329,905	329,905	-
Other receivables and other current assets	1,105,943	1,105,943	-
Cash and cash equivalents	14,225,320	14,225,320	-
CURRENT ASSETS	19,020,499	19,020,499	-
TOTAL ASSETS	52,620,618	48,773,359	3,847,259

	Restated 31.12.18	31.12.18	Change
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	2,652,066	2,652,066	-
Share premium reserve	19,248,704	19,248,704	-
Legal reserve	513,214	513,214	-
Other reserves	(4,921,971)	(4,921,971)	-
Reserves and retained earnings	61,593	61,593	-
Translation reserve	0	0	-
Net Profit for the year	2,371,787	2,371,787	-
SHAREHOLDERS' EQUITY	19,925,393	19,925,393	-
Payables to other lenders	4,552,575	4,552,575	-
Bank payables	6,144,430	6,144,430	-
Other non-current financial liabilities	6,397,259	2,550,000	3,847,259
Employee benefits	1,075,333	1,075,333	-
Deferred tax liabilities	41,245	41,245	-
Non-current liabilities deriving from contracts	1,339,529	1,339,529	-
Other payables and non-current liabilities	0	0	-
NON-CURRENT LIABILITIES	19,550,370	15,703,112	3,847,259
Payables to other lenders	3,250,740	3,250,740	-
Current bank payables	3,814,345	3,814,345	-
Current income tax liabilities	256,143	256,143	-
Other current financial liabilities	1,410,000	1,410,000	-
Trade payables	1,482,126	1,482,128	-
Trade payables to subsidiaries	1,105,836	1,105,836	-
Current liabilities deriving from contracts	765,604	765,604	-
Other payables and current liabilities	1,060,058	1,060,058	-
CURRENT LIABILITIES	13,144,854	13,144,854	-
LIABILITIES HELD-FOR-SALE	0	0	-
TOTAL LIABILITIES	52,620,617	48,773,358	3,847,259

INCOME STATEMENT

	Restated 2018	2018	Change
REVENUES AND OPERATING INCOME			
Revenues from sales and services	19,988,618	19,988,618	-
Other revenues and income	669,960	669,960	-
Total revenues and operating income	20,658,578	20,658,578	-
OPERATING COSTS			
Purchases and services	(7,916,444)	(7,916,444)	-
Personnel costs	(4,112,540)	(4,112,540)	-
Amortisation, depreciation & write-downs	(4,994,259)	(4,994,259)	-
Provisions	0	0	-
Other costs and operating charges	(295,099)	(295,099)	-
Change Inventories of raw mat., consumables and goods	0	0	-
Total operating costs	(17,318,342)	(17,318,342)	-
EBIT	3,340,236	3,340,236	-
Income (Charges) from Equity Method	0	0	-
Financial income	1,690	1,690	-
Financial expenses	(488,117)	(488,117)	-
Exchange gains/(losses)	0	0	-
PROFIT BEFORE TAXES	2,853,809	2,853,809	-
Income taxes	(482,022)	(482,022)	-
NET PROFIT FROM CONTINUING OPERATIONS	2,371,787	2,371,787	-
Net profit from discontinued operations	0	0	-
NET PROFIT	2,371,787	2,371,787	-

The values at December 31, 2018 have been restated to take into account the value of the investment in Adelante restated following the finalisation of the

capital gains allocation process that led to the restatement of the contingent consideration (earn-out) For further information, reference should be made "Equity investments" section of the Notes.

33. INFORMATION ON FINANCIAL RISKS

Categories of financial instruments

The following tables contain information regarding:

- Classes of financial instruments by their nature and characteristics;
- Book value of financial instruments;
- Fair value of the financial instruments (except for financial instruments the carrying amount of which is close to their fair value); and
- Fair value level hierarchy for financial assets and liabilities the fair value of which is stated.

Levels 1 to 3 of the fair value hierarchy are based on the degree of observability of the information:

- Level 1 fair value measurements are based on (unmodified) quoted prices on active markets for identical assets or liabilities;
- Level 2 fair value measurements are those based on inputs other than the quoted prices used in Level 1, which are observable for assets and liabilities, either directly (for example, prices) or indirectly (for example, derived from prices); and
- Level 3 fair value measurements are those derived from the application of measurement techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities measured at fair value			
31.12.19	Level 1	Level 2	Level 3
Financial assets			
Cash equivalents (included in cash and cash equivalents)		5,464,634	
Other financial liabilities			
Earn out (included in the value of the investment)			3,970,556
Total	-	5,464,634	3,970,556

Some of the financial assets and liabilities are measured at fair value at each reporting date.

Since the instruments in question are investments in SICAV funds, for which the credit institution reports NAV but which do not have a direct market listing, the fair value of the cash equivalents included in Cash and cash equivalents falls within fair value level 2.

The following table breaks down financial assets and liabilities as per IFRS 7, on the basis of the categories under IAS 9

FINANCIAL ASSETS AT DECEMBER 31, 2019	Financial assets for financial instruments	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVPL	Total
Other non-current assets deriving from contracts		440,499			440,499
Other non-current assets		279,312			279,312
Non-current financial assets	-	719,811	-		719,811
Trade receivables		3,882,783			3,882,783
Trade receivables from group companies		116,791			116,791
Current financial assets		647,000			647,000
Current assets deriving from contracts		269,324			269,324
Other receivables and other current assets		2,108,330			2,108,330
Cash and cash equivalents		8,990,107		5,464,634	14,454,741
Current financial assets	-	16,014,335	-	5,464,634	21,478,969
Total financial assets	-	16,734,146	-	5,464,634	22,198,780
FINANCIAL LIABILITIES AT DECEMBER 31, 2019	Financial liabilities for derivative instruments	Financial liabilities at amortised cost	Financial liabilities at FVOCI	Financial assets at FVPL	Total
Payables to other lenders		6,075,111			6,075,111
Bank payables		7,092,425			7,092,425
Other non-current financial liabilities		2,484,001		3,338,757	5,822,758
Non-current liabilities deriving from contracts		851,125			851,125
Other payables and non-current liabilities		0			-
Non-current financial liabilities	-	16,502,662	-		19,841,419
Payables to other lenders		3,824,059			3,824,059
Current bank payables		5,273,589			5,273,589
Other current financial liabilities		5,549,606		631,800	6,181,406
Trade payables		1,804,310			1,804,310
Trade payables - Group companies		10,972			10,972
Current liabilities deriving from contracts		488,404			488,404
Other payables and current liabilities		1,901,154			1,901,154
Current financial liabilities	-	18,852,094	-	631,800	19,483,894
Total financial liabilities	-	35,354,757	-	631,800	39,325,313

Financial liabilities by due date at December 31, 2019 are reported below:

At December 31, 2019	Book value	Contractual cash flows	Within 1 year	From 1 to 5 years	After 5 years
Bank loans	12,366,014	12,531,424	5,273,589	7,257,834	-
Finance leases	9,899,170	9,899,170	3,824,059	6,075,111	-
Trade payables	1,804,310	1,804,310	1,804,310	-	-
Other financial liabilities	12,004,163	12,004,163	6,181,406	5,822,758	-
Total	36,073,658.02	36,239,067.30	17,083,364.51	19,155,702.78	-

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.

As part of the acquisition of Matika S.p.A., the Company subscribed to put&call cross options for the purchase of the remaining 40% (for further details, please refer to the consolidated financial statements). These options take the form of derivatives in the Company's separate financial statements. Since no consideration was paid for the options and as the exercise value of the options is consistent with the fair value of the underlying asset, the value of this instrument is maintained at zero in the Company's separate financial statements.

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 regards to variable rate financial assets and liabilities at December 31, 2018 and December 31, 2017, amid a hypothetical increase (decrease) of interest rates by 100 basis points against the interest rate at the same date, with the other variables remaining constant, financial expenses would increase by approx. Euro 38 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.

Fees due to the independent auditors Deloitte & Touche S.p.A. and their network pursuant to Art. 149-duodecies of the Issuers' Regulation

Type of service	Service provider	Fees (in Euro thousands)
Audit of the separate and consolidated financial statements	-Deloitte & Touche	55
Other services	-Deloitte & Touche	25

Fees of the WIIT S.p.A Directors and Statutory Auditors

Name	WIIT S.p.A. office	Period of office	Concl. of office	Fixed remuneration (*)	Remuneration for committee participation	Non-equity variable remuneration	Total
Alessandro Cozzi	Chief Executive Officer	01.01.2019 - 31.12.2019	Approval 2020 FS	500,000	0	0	500,000
Riccardo Mazzanti	Chairman of the Board of Directors	01.01.2019 - 31.12.2019	Approval 2020 FS	240,000	0	0	240,000
Francesco Baroncelli	Executive Director	01.01.2019 - 31.12.2019	Approval 2020 FS	230,000	0	0	230,000
Enrico Rampin	Executive Director	01.01.2019 - 31.12.2019	Approval 2020 FS	145,000	0	0	145,000
Amelia Bianchi	Director	01.01.2019 - 31.12.2019	Approval 2020 FS	30,000	0	0	30,000
Aldo Napoli	Independent Director	01.01.2019 - 31.12.2019	Approval 2020 FS	15,000	0	0	15,000
Annamaria Di Ruscio	Independent Director	01.01.2019 - 31.12.2019	Approval 2020 FS	15,000	18,000	0	33,000
Dario Albarello	Independent Director	01.01.2019 - 31.12.2019	Approval 2020 FS	15,000	21,000	0	36,000
Riccardo Sciutto	Independent Director	01.01.2019 - 31.12.2019	Approval 2020 FS	15,000	21,000	0	36,000
Luca Valdameri	Chair - Board of Stat. Auditors	01.01.2019 - 31.12.2019	Approval 2020 FS	18,000	0	0	18,000
Paolo Ripamonti	Statutory Auditor	01.01.2019 - 31.12.2019	Approval 2020 FS	12,000	0	0	12,000
Nathalie Brazzelli	Statutory Auditor	01.01.2019 - 31.12.2019	Approval 2020 FS	12,000	0	0	12,000

(*) Amounts net of social security contributions

34. RELATED PARTY TRANSACTIONS

The table below reports the costs and revenues from related party transactions.

	Costs	WIIT Fin S.r.l.	WIIT S.p.A.	Wiit Swiss	Adelante Srl	ICTW	MATIKA S.p.A.	Etaeria S.p.A.	Commit	Total
Revenues	WIIT Fin S.r.l.		499,000							499,000
	WIIT S.p.A.	-			254,306			326,000	30,990	611,296
	WIIT Swiss S.A.		1,743							1,743
	Foster S.r.l.									-
	Adelante S.r.l.		193,416			13,065			121,671	328,152
	ICTW		76,125		22,500					98,625
	MATIKA S.p.A.		9,652							9,652
	Etaeria S.p.A.									-
	Commit		14,160		229,243					243,403
	Total		-	794,096		506,050	13,065	-	326,000	152,661

Receivables and payables with related parties table:

	Receivables	WIIT Fin S.r.l.	WIIT S.p.A.	Wiit Swiss	Adelante Srl	ICTW	MATIKA S.p.A.	Etaeria S.p.A.	Commit	Total
Payables	WIIT Fin S.r.l.		2,010,511		242,281					2,252,792
	WIIT S.p.A.			401,743	2,100,000		2,210,972			4,712,715
	WIIT Swiss S.A.									-
	Foster S.r.l.									-
	Adelante S.r.l.		743,600			3,000			42,293	788,893
	ICTW				43,115					43,115
	MATIKA S.p.A.									-
	Etaeria S.p.A.		397,720							397,720
	Commit S.r.l.		20,191		15,376					35,567
	Total		-	3,172,022		2,400,771	3,000	2,210,972	-	42,293

There were no atypical or unusual transactions as defined by Consob in communication No. DEM/6064293 of July 28, 2006

BALANCE SHEET

	31.12.19	Of which related parties	Restated (*) 31.12.18	Of which related parties
ASSETS				
Intangible assets	3,474,109		2,100,650	
Goodwill	2,521,040		1,315,026	
Property, plant and equipment	2,877,027		3,570,059	
Other tangible assets	8,984,386		9,814,432	
Right-of-use	5,235,724		1,099,816	
Deferred tax assets	625,193		673,530	
Equity investments and other non-current financial assets	19,973,063		14,037,471	
Other non-current assets deriving from contracts	440,499		709,823	
Other non-current assets	279,312	250,000	279,312	250,000
NON-CURRENT ASSETS	44,410,353	250,000	33,600,119	250,000
Trade receivables	3,882,783	397,720	2,684,302	
Trade receivables from subsidiaries	116,791	116,791	675,029	675,029
Current financial assets	647,000	647,000	0	
Current assets deriving from contracts	269,324		329,905	
Other receivables and other current assets	2,108,330	1,760,511	1,105,943	770,106
Cash and cash equivalents	8,990,107		14,225,320	
CURRENT ASSETS	16,014,335	2,922,022	19,020,499	1,445,135
TOTAL ASSETS	60,424,688	3,172,022	52,620,618	1,695,135

	31.12.19	Of which related parties	Restated (*) 31.12.18	Of which related parties
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	(9,305,343)		(4,921,971)	
Reserves and retained earnings (accumulated losses)	87,606		61,593	
Translation reserve	0		0	
Profit for the year	6,240,515		2,371,787	
SHAREHOLDERS' EQUITY	19,453,961	0	19,925,393	0

Payables to other lenders	6,075,111		4,552,575	
Bank payables	7,092,425		6,144,430	
Other non-current financial liabilities	5,822,758	5,822,758	6,397,259	6,397,259
Employee benefits	1,282,889		1,075,333	
Deferred tax liabilities	212,782		41,245	
Non-current liabilities deriving from contracts	851,125		1,339,529	
Other payables and non-current liabilities	0		0	
NON-CURRENT LIABILITIES	21,337,090	5,822,758	19,550,370	6,397,259
Payables to other lenders	3,824,059		3,250,740	
Current bank payables	5,273,589		3,814,345	
Current income tax liabilities	149,743		256,143	
Other current financial liabilities	6,181,406	6,181,406	1,410,000	1,310,000
Trade payables	1,804,310		1,482,128	
Trade payables to subsidiaries	10,972	10,972	1,105,836	1,105,836
Current liabilities deriving from contracts	488,404		765,604	
Other payables and current liabilities	1,901,154		1,060,058	
CURRENT LIABILITIES	19,633,638	6,192,378	13,144,854	2,415,836
LIABILITIES HELD-FOR-SALE	0	0	0	0
TOTAL LIABILITIES	60,424,688	12,015,135	52,620,617	8,813,094

INCOME STATEMENT

	Restated (*)					
	2019	Of which related parties	Of which non- recurring income (charges)	2018	Of which related parties	Of which non- recurring income (charges)
REVENUES AND OPERATING INCOME						
Revenues from sales and services	22,369,288	611,296		19,988,618	57,075	
Other revenues and income	132,994			669,961		
Total revenues and operating income	22,502,281	611,296	0	20,658,578	57,075	0
OPERATING COSTS						
Purchases and services	(9,012,934)	(778,115)		(7,916,444)	(837,032)	(142,440)
Personnel costs	(4,257,374)			(4,112,540)		(282,597)
Amortisation, depreciation & write-downs	(5,851,714)			(4,994,259)		
Provisions	0			0		
Other costs and operating charges	(293,182)			(295,099)		
Change Inventories of raw mat., consumables and goods	0			0		
Total operating costs	(19,415,204)	(778,115)	0	(17,318,342)	(837,032)	(425,037)
EBIT	3,087,077	(166,819)	0	3,340,236	(779,957)	(425,037)
Write-down of equity investments	0			0		
Financial income	2,773,805	2,530,744	1,169,869	1,690		
Financial expenses	(428,277)	(15,981)		(488,117)	(2,705)	(256,917)
Exchange gains/(losses)	0			0		
PROFIT BEFORE TAXES	5,432,605	2,347,944	1,169,869	2,853,809	(782,662)	(681,954)
Income taxes	807,910		1,015,464	(482,022)		
NET PROFIT FROM CONTINUING OPERATIONS	6,240,515	2,347,944	2,185,332	2,371,787	(782,662)	(681,954)
Net profit from discontinued operations	-	-	-	-	-	-
NET PROFIT	6,240,515	2,347,944	1,729,339	2,371,787	(782,662)	(681,954)

Non-recurring financial income relates to dividends from the subsidiary Wiit Swiss for the years 2016 and 2017. Income taxes refer to the Patent Box benefit for the years 2015-2018.

35. COMMITMENTS

Guarantees granted

The Company has not provided sureties securing consumer loans and mortgage loans.

35. COMMITMENTS

Guarantees granted

The Company has not provided sureties securing consumer loans and mortgage loans.

36. SUBSEQUENT EVENTS

Following the agreement signed on December 20, 2019, on January 15, 2020, WIIT S.p.A. signed agreements for the gradual acquisition of 100% of the share capital of Etaeria S.r.l. ("Etaeria"), a Kelyan Group company providing cloud and cyber security services, in addition to the acquisition of the Aedera S.r.l. (Kelyan Group) business unit, provider of IT services and solutions for the digitalisation of companies in SAAS mode.

The agreements stipulate the initial acquisition of a 60% majority holding in Etaeria for consideration of approx. Euro 3.5 million, in addition to the variable price component subject to the achievement of the 2019 full-year earnings objectives. The acquisition of the Etaeria shares also involves the payment of an advance for the acquisition of the residual 40%, for which put and call options are stipulated, to which variable price components are linked ("earn out"), subject to the achievement of set Etaeria earnings objectives.

In relation to the Aedera business unit, the estimated consideration on closing amounted to approx. Euro 1.4 million, in addition to the variable price component (earn out) for approx. Euro 0.9 million, subject to the achievement of the result objectives by the Aedera business unit in the 2019-2022 period.

Etaeria was founded in 2016 to provide managed security and infrastructural cloud computing services to Italian SMEs and channel partners. With a workforce of over 40 highly-specialised personnel, it has a portfolio that includes over 80 medium-large top customers that following the transaction will be directly managed by WIIT, with the others to be managed through the other commercial channels.

Aedera was created in 2016 by a group of professionals with thirty years' experience in document management in order to develop a proprietary technological platform and innovative services to manage unstructured document processes and other electronic document processes provided as SAAS.

On January 7, 2020 the Company signed a loan contract for a maximum Euro 40 million, with a banking syndicate comprising Banca IMI S.p.A., as arranger and agent bank, and Intesa Sanpaolo S.p.A. and Banco BPM S.p.A. as lending banks.

The loan, principally to support the WIIT's acquisition-led growth strategy on the Italian and international market and investment plan, stipulates the following key terms and conditions:

- the composition of the loan as (i) an amortising credit line for a maximum Euro 15 million, with maturity of December 31, 2025; (ii) a bullet credit line of a maximum Euro 15 million, with maturity of June 30, 2026; and (iii) an amortising credit line for a maximum Euro 10 million, with maturity of December 31, 2024;
- an annual interest rate based on the reference Euribor and an increasing or decreasing variable margin according to the change in the NFP/EBITDA ratio;
- EBITDA/net financial charges and NFP/EBITDA covenants;
- the pledging, in favour of the lending banks, of the holdings representing the share capital of certain target companies acquired by WIIT in execution of its growth strategy.

In accordance with best market practice, the loan contract in addition contains provisions concerning, among others, mandatory early settlement events, conditions on disbursements, declarations and guarantees, limitations on debt and corporate transactions, in addition to dividend distribution limits.

In recent weeks, the general visibility for 2020 reduced due to the COVID-19 emergency. Despite the major uncertainties and fears in terms of the social and economic repercussions of the health emergency, WIIT - thanks to its business model based on long-term orders and recurring revenues, does not expect significant impacts on the business in revenue terms, which may emerge only where this contingent situation extends beyond the first half of the year, whereby an impact may be felt in terms of sales related to the acquisition of new customers. Strong interest has been seen to date from existing and new customers in the smart working and cyber security services provided through WIIT's Cloud platform. However, working capital could be affected by a possible slowdown in collections and non-performing positions attributable to certain customers that are in turn more significantly affected by the Covid-19 emergency. The variety of sectors in which the Group's customers operate and their good financial condition, in addition to its access to liquidity (with the upside of treasury shares), lines of credit

approved but not drawn down and loans already granted by credit institutions are circumstances that mitigate potential financial risk. Accordingly, there are not believed to be any material impacts on business continuity.

**Statement on the 2019 Financial Statements
in accordance with Article 81-ter of Consob Motion No. 11971
of May 14, 1999 and subsequent amendments and supplements**

1. The undersigned Alessandro Cozzi and Stefano Pasotto, respectively as Chief Executive Officer and Executive Officer for Financial Reporting, of the company Wiit S.p.A. declare, in consideration also of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
 - the adequacy considering the company`s characteristics and
 - the effective application of the administrative and accounting procedures for the compilation of the financial statements for 2019.

2. We also declare that:

2.1 the Financial Statements:

- a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- b) correspond to the underlying accounting documents and records;
- c) provide a true and fair view of the financial position, balance sheet and operating results of the issuer;

2.2 The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer together with a description of the main risks and uncertainties to which they are exposed.

Milan, March 19, 2020.

ALESSANDRO COZZI
Chief Executive Officer

STEFANO PASOTTO
Executive Officer for Financial Reporting

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

**Agli Azionisti della
Wiit S.p.A.**

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO CONSOLIDATO

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del gruppo Wiit (il "Gruppo"), costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2019, dal conto economico consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalle note esplicative al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2019, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla società Wiit S.p.A. (la "Società") in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Impairment test degli avviamenti

Descrizione dell'aspetto chiave della revisione

Il Gruppo iscrive nel bilancio consolidato al 31 dicembre 2019 avviamenti per complessivi Euro 17,6 milioni allocati all'unica "cash generating unit" (CGU) identificata, attraverso la quale il Gruppo Wiit opera. Tali avviamenti non sono ammortizzati, ma, come previsto dal principio contabile IAS 36, sono sottoposti a impairment test almeno annualmente mediante confronto tra il valore recuperabile della CGU - determinato secondo la metodologia del valore d'uso - e il loro valore contabile che tiene conto degli avviamenti e delle altre attività allocate alla CGU.

La determinazione del valore recuperabile della CGU è basata su stime e assunzioni della Direzione riguardanti, tra l'altro, la previsione dei flussi di cassa attesi della CGU, desunti dal piano industriale con orizzonte temporale 2020 - 2022 approvato dal Consiglio di Amministrazione le cui previsioni esplicite sono state estese dalla Direzione fino al 2025 per considerare lo sviluppo delle sinergie rinvenienti dalle recenti acquisizioni e i tassi di crescita del settore, la determinazione di un appropriato tasso di attualizzazione (WACC) e della crescita di lungo periodo (g-rate) per la definizione del valore terminale oltre il periodo di previsione esplicita.

All'esito del test di impairment, approvato dal Consiglio di Amministrazione, non sono state rilevate perdite di valore.

In considerazione della rilevanza dell'ammontare degli avviamenti iscritti e della soggettività della stima delle principali assunzioni attinente la determinazione dei flussi di cassa della CGU e delle variabili chiave del modello di impairment, abbiamo considerato l'impairment test degli avviamenti un aspetto chiave della revisione del bilancio consolidato del Gruppo Wiit S.p.A.

La Nota 2 del bilancio consolidato riporta l'informativa in merito alla voce in oggetto e alle modalità di svolgimento del test di impairment, ivi incluse le analisi di sensitività predisposte dalla Direzione.

Procedure di revisione svolte

Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure anche avvalendoci del supporto di esperti del Network Deloitte:

- esame delle modalità e delle assunzioni utilizzate dalla Direzione per la determinazione del valore d'uso della CGU;
- comprensione dei controlli rilevanti posti in essere dal Gruppo sul processo di effettuazione dell'impairment test;
- analisi di ragionevolezza sulle principali assunzioni adottate per la formulazione delle previsioni dei flussi di cassa anche mediante ottenimento di informazioni dalla Direzione;
- analisi dei dati consuntivi rispetto ai piani originari ai fini di valutare la natura degli scostamenti e l'attendibilità del processo di predisposizione dei piani;
- valutazione della ragionevolezza del tasso di attualizzazione (WACC) e di crescita di lungo periodo (g-rate);

- verifica della corretta determinazione del valore contabile della CGU;
- verifica dell'accuratezza matematica del modello utilizzato per la determinazione del valore d'uso della CGU;
- verifica della sensitivity analysis predisposta dalla Direzione.

Abbiamo infine esaminato l'adeguatezza dell'informativa fornita dal Gruppo sull'impairment test e la sua conformità a quanto previsto dallo IAS 36.

Rilevazione contabile delle operazioni di aggregazione aziendale

Descrizione dell'aspetto chiave della revisione

Nel corso dell'esercizio 2019 il Gruppo ha acquisito il controllo di Matika S.p.A., società di servizi informatici principalmente connessi a fornitura di servizi infrastrutturali gestiti e soluzioni Cloud, attraverso l'acquisizione del 60% del capitale sociale della stessa e la contestuale sottoscrizione di un'opzione put&call per l'acquisto del restante 40% del capitale. Inoltre, nel corso dell'esercizio 2018, il Gruppo aveva acquisito il 100% di Adelante S.r.l., società che opera nel medesimo settore in cui opera la capogruppo Wiit S.p.A.. Tali operazioni di acquisizione sono state rilevate nel bilancio consolidato, come previsto dal principio contabile internazionale IFRS 3 "Aggregazioni aziendali", attraverso il processo di allocazione del costo dell'acquisizione (Purchase Price Allocation - "PPA") ed hanno comportato la valutazione da parte della Direzione dei "fair value" delle attività acquisite e delle passività assunte, anche mediante il supporto di professionisti a tal fine incaricati.

L'allocazione a titolo definitivo dei valori di PPA derivanti dall'acquisizione di Matika S.p.A. ha comportato, alla data di acquisizione, l'iscrizione nel bilancio consolidato di immobilizzazioni immateriali (lista clienti) per un ammontare pari a Euro 6 milioni, relative imposte differite pari a Euro 1,7 milioni e di un Avviamento pari a Euro 7,1 milioni determinato secondo il metodo del *full goodwill* ovvero valorizzando al fair value le interessenze degli azionisti di minoranza coerentemente con il valore attribuito alle opzioni put&call per l'acquisto del restante 40% del capitale.

Tale acquisizione ha pertanto comportato anche l'iscrizione di passività per le opzioni put concesse ai due azionisti di minoranza per complessivi Euro 7,1 milioni ciascuna per la rispettiva quota pari al 20% del capitale esercitabili nei 90 giorni successivi all'approvazione del bilancio di Matika S.p.A. al 31 dicembre 2020 e 2021.

Il prezzo di esercizio di tali opzioni è definito da una quota fissa e da quote variabili connesse a formule basate su indicatori economico-finanziari che dovranno essere desunti dai bilanci di Matika S.p.a. disponibili alle date di esercizio.

La contabilizzazione dell'operazione di acquisizione di Adelante S.r.l., relativamente alla quale l'allocazione dei valori della PPA era stata determinata in via provvisoria nel bilancio chiuso al 31 dicembre 2018 come consentito dall'IFRS 3, ha comportato nel corso dell'esercizio 2019 l'allocazione a titolo definitivo dei valori di PPA e l'iscrizione nel bilancio consolidato di immobilizzazioni immateriali (lista clienti) pari a Euro 4,2 milioni, relative imposte differite pari a Euro 1,2 milioni e di un avviamento pari a Euro 8 milioni.

In considerazione della rilevanza degli effetti delle operazioni e della complessità legata agli aspetti valutativi connessi prevalentemente alla determinazione del fair value delle attività nette acquisite e del valore attribuito alle opzioni put concesse, abbiamo considerato la rilevazione delle aggregazioni aziendali in oggetto un aspetto chiave della revisione del bilancio consolidato del Gruppo al 31 dicembre 2019.

L'informativa di bilancio relativa a questo aspetto è riportata nelle note illustrative al bilancio consolidato ed in particolare al paragrafo "Aggregazioni Aziendali".

**Procedure di
revisione svolte**

Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure, anche avvalendoci del supporto di esperti del Network Deloitte:

- analisi della contrattualistica relativa alle operazioni di acquisizione;
- analisi della procedura seguita e comprensione dei controlli rilevanti posti in essere dalla Direzione;
- analisi dei criteri utilizzati dalla Direzione per la rilevazione delle operazioni secondo quanto previsto dal principio contabile internazionale IFRS 3 "Aggregazioni aziendali";
- analisi dei criteri seguiti per l'identificazione delle attività acquisite e delle passività assunte e per la stima dei relativi fair value;
- analisi dei criteri seguiti per la stima dei fair value relativi alle opzioni put detenute dagli azionisti di minoranza di Matika S.p.A.;
- esame delle relazioni e dei pareri predisposti dai professionisti incaricati dalla Società a supporto delle valutazioni della Direzione. Analisi dell'approccio metodologico, della competenza e dell'obiettività dei professionisti incaricati dalla Società;
- verifica dell'accuratezza delle rilevazioni contabili.

Abbiamo infine esaminato l'adeguatezza dell'informativa fornita dal Gruppo sulle operazioni di aggregazione aziendale e la sua conformità a quanto previsto dal principio IFRS 3.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio consolidato

Gli Amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Wiit S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;

- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'assemblea degli azionisti della Wiit S.p.A. ci ha conferito in data 30 novembre 2018 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2019 al 31 dicembre 2027.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Wiit S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari del gruppo Wiit al 31 dicembre 2019, incluse la loro coerenza con il relativo bilancio consolidato e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, co. 4, del D.Lgs. 58/98, con il bilancio consolidato del gruppo Wiit al 31 dicembre 2019 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del gruppo Wiit al 31 dicembre 2019 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.



Davide Bertoia

Socio

Milano, 31 marzo 2020

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

**Agli Azionisti della
Wiit S.p.A.**

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della società Wiit S.p.A. (la "Società"), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2019, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note esplicative al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2019, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Impairment test delle partecipazioni in Adelante S.r.l. e Matika S.p.A.

Descrizione dell'aspetto chiave della revisione

La Società detiene partecipazioni nelle società controllate Adelante S.r.l. e Matika S.p.A. per complessivi Euro 19,9 milioni che, in considerazione del fatto che il valore d'iscrizione delle partecipazioni risulta superiore rispetto al valore della relativa quota di patrimonio netto in relazione al maggior prezzo pagato in sede di acquisizione, sono assoggettate a test di impairment al fine di valutare la recuperabilità delle partecipazioni mediante il confronto tra il valore contabile ed il valore recuperabile determinato secondo la metodologia del valore d'uso.

La determinazione del valore recuperabile delle partecipazioni è basata su stime e assunzioni della Direzione riguardanti, tra l'altro, la previsione dei flussi di cassa attesi per ciascuna partecipazione, desunti dal piano industriale con orizzonte temporale 2020 – 2022, la determinazione di un appropriato tasso di attualizzazione (WACC) e della crescita di lungo periodo (g-rate) per la definizione del valore terminale oltre il periodo di previsione esplicita.

All'esito dello svolgimento del test di impairment, approvato dal Consiglio di Amministrazione, non sono state rilevate perdite di valore.

In considerazione della rilevanza dell'ammontare delle partecipazioni iscritte e della soggettività delle stime delle principali assunzioni attinenti la determinazione dei flussi di cassa delle partecipazioni e delle variabili chiave del modello di impairment, abbiamo considerato gli impairment test un aspetto chiave della revisione del bilancio d'esercizio della Società.

La Nota 3 del bilancio d'esercizio riporta l'informativa in merito alle voci in oggetto e alle modalità di svolgimento del test di impairment, ivi incluse le analisi di sensitività predisposte dalla Direzione.

Procedure di revisione svolte

Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure, anche avvalendoci del supporto di esperti del Network Deloitte:

- esame delle modalità usate e delle assunzioni utilizzate dalla Direzione per la determinazione del valore d'uso delle partecipazioni oggetto di impairment test;
- comprensione dei controlli rilevanti posti in essere dalla Società Wiit S.p.A. sul processo di effettuazione dell'impairment test;
- analisi di ragionevolezza delle principali assunzioni adottate per la formulazione delle previsioni dei flussi di cassa anche mediante ottenimento di informazioni dalla Direzione;
- analisi dei dati consuntivi rispetto ai piani originari ai fini di valutare la natura degli scostamenti e l'attendibilità del processo di predisposizione dei piani;
- valutazione della ragionevolezza del tasso di attualizzazione (WACC) e di crescita di lungo periodo (g-rate);

- verifica dell'accuratezza matematica del modello utilizzato per la determinazione del valore d'uso delle partecipazioni oggetto di test di impairment;
- verifica della sensitivity analysis predisposta dalla Direzione.

Abbiamo inoltre esaminato l'adeguatezza e la conformità dell'informativa fornita dalla Società sull'impairment test a quanto previsto dallo IAS 36.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'assemblea degli azionisti della Wiit S.p.A. ci ha conferito in data 30 novembre 2018 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2019 al 31 dicembre 2027.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Wiit S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari della Wiit S.p.A. al 31 dicembre 2019, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, co. 4, del D.Lgs. 58/98, con il bilancio d'esercizio della Wiit S.p.A. al 31 dicembre 2019 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio della Wiit S.p.A. al 31 dicembre 2019 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.



Davide Bertoia
Socio

Milano, 31 marzo 2020

WIIT S.p.A.

Codice fiscale e P.IVA 01615150214

Sede legale in Milano (MI) - Via dei Mercanti 12

Iscritta alla Camera di Commercio di Milano - Numero R.E.A 1654427

Registro Imprese di Milano n. 01615150214 Capitale Sociale €2.652.066 i.v.

Società soggetta ad attività di direzione e coordinamento di WIIT FIN S.R.L.

Relazione del Collegio Sindacale all'Assemblea degli Azionisti

del 29 aprile 2020

(art. 153 T.U.F. e art. 2429 c.c.)

1. Premessa: fonti normative, regolamentari e deontologiche

In data 25 marzo 2019 la Società è stata ammessa alla quotazione delle proprie azioni ordinarie sul Segmento STAR del Mercato Telematico Azionario ("MTA"). Il primo giorno di negoziazione delle azioni è stato il 2 aprile 2019, data in cui è avvenuta anche la conseguente esclusione dalle negoziazioni sul mercato AIM Italia.

La presente Relazione riferisce sulle attività di vigilanza svolte dal Collegio Sindacale della Società in base alle previsioni di legge (art. 149 T.U.F. e art. 2429 c.c.), tenuto conto delle Norme di comportamento del collegio sindacale di società quotate emanate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili nel mese di aprile 2018, delle raccomandazioni della Consob in materia di controlli societari e attività del collegio sindacale (cfr. comunicazione 20 febbraio 1997, n. DAC/RM 97001574 e comunicazione n. DEM 1025564 del 6 aprile 2001, successivamente integrata con comunicazione n. DEM/e comunicazione 3021582 del 4 aprile 2003 n. DEM/6031329 del 7 aprile 2006), oltre che delle indicazioni contenute nel Codice di Autodisciplina.

Nell'assolvimento di tale adempimento il Collegio, quale organo apicale del complessivo sistema dei controlli societari, fornisce altresì un quadro integrato delle risultanze dei controlli stessi avendo acquisito i relativi flussi informativi.

Il Collegio Sindacale, nominato dall'Assemblea degli Azionisti del 30 novembre 2018 in base alle previsioni della legge e dello Statuto e terminerà il proprio mandato con l'Assemblea di approvazione del bilancio al 31 dicembre 2020.

2. Attività di vigilanza svolta sull'osservanza della legge e dello statuto

In relazione alla vigilanza sull'osservanza della legge e dello statuto, il Collegio Sindacale ha provveduto costantemente all'acquisizione della documentazione e delle informazioni utili a pianificare la propria attività che, sulla base della profilatura della società, ha strutturato:

I. Vigilando:

- a) sulla conformità delle delibere assunte dagli organi societari alla normativa legislativa e regolamentare, allo statuto, nonché ai codici di comportamento ai quali la società dichiara di attenersi;
- b) sull'osservanza degli obblighi in materia di informazioni privilegiate e sull'internal dealing, rilevando che la Società ha adottato la Procedura di Internal Dealing, in recepimento del Regolamento UE n. 596/2014 (Regolamento MAR), e che la gestione e la comunicazione delle informazioni riguardanti la Società è organicamente disciplinata e governata in conformità ad esso;
- c) sulla conformità della procedura interna riguardante le operazioni con parti correlate ai principi indicati nel Regolamento approvato dalla CONSOB con delibera n. 17221 del 12 marzo 2010 e successive modifiche, nonché sulla sua osservanza, ai sensi dell'art. 4, comma 6 del medesimo Regolamento;
- d) sul funzionamento del processo di informazione societaria, verificando l'osservanza delle norme di legge e regolamentari inerenti la formazione e l'impostazione degli schemi del bilancio separato e del bilancio consolidato, nonché dei relativi documenti di corredo, a tal fine esaminando le attestazioni rilasciate dal Dirigente Preposto ex art. 154-bis del TUF.

II. accertando:

- a) il rispetto della disciplina sullo svolgimento delle riunioni degli Organi sociali e l'adempimento dell'obbligo informativo periodico da parte degli organi delegati in merito all'esercizio delle deleghe conferite;
- b) che nessuno dei sindaci ha avuto interessi, per conto proprio o di terzi, in una determinata operazione durante l'esercizio decorso e che persistano in capo ad essi le condizioni di indipendenza previste dalla legge;

- c) monitorando le concrete modalità di attuazione delle regole di governo societario previste dal Codice di Autodisciplina delle società quotate promosso da Borsa Italiana S.p.A., come adottate dalla Società, a tal fine esaminando la Relazione annuale sul governo societario e gli assetti proprietari;
- d) prendendo atto dell'avvenuta predisposizione della Relazione sulla Remunerazione ex art. 123 ter del T.U.F. ed ex art. 84 quater del regolamento Consob 11971/1999 (Regolamento Emittenti), senza osservazioni particolari da segnalare.

Con riguardo alle indicazioni da fornire con la presente Relazione, secondo quanto previsto dalla Comunicazione CONSOB n. 1025564 del 6 aprile 2001, il Collegio riferisce che:

- a) in base alle informazioni ricevute ed ai riscontri eseguiti dal Collegio non sono da segnalare operazioni particolarmente rilevanti poste in essere nell'esercizio, anche per il tramite di società controllate e neppure operazioni atipiche e/o inusuali, comprese quelle infragrupo o con parti correlate per cui non ve ne è menzione nelle note al bilancio e nella relazione sulla gestione;
- b) le caratteristiche delle operazioni ordinarie infragrupo e quelle con parti correlate poste in essere nel corso dell'esercizio chiuso il 31 dicembre 2019, nonché l'indicazione dei soggetti coinvolti ed i relativi effetti economici, sono adeguatamente indicate nelle Note al Bilancio e nella Relazione sulla Gestione, a cui il Collegio rinvia. Le operazioni infragrupo e con parti correlate sono state di natura ordinaria. Gli effetti delle operazioni con parti correlate sono riportati ai par. 34 delle Note esplicative al bilancio consolidato ed al par. 34 delle Note esplicative al Bilancio d'esercizio;
- c) la società di revisione Deloitte & Touche S.p.A. ha emesso in data 31 marzo 2019 le relazioni redatte ai sensi dell'art. 14 del D.Lgs. n. 39/2010 e dell'art. 10 del Regolamento UE 537/2014, nelle quali è stato attestato che il bilancio d'esercizio e il bilancio consolidato al 31 dicembre 2019 sono redatti con chiarezza e rappresentano in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico ed i flussi di cassa della Società e del Gruppo. È ivi altresì attestato che la Relazione sulla Gestione e le informazioni di cui all'art. 123-bis del T.U.F. contenute nella Relazione sul Governo Societario e sugli Assetti Proprietari sono coerenti con il bilancio d'esercizio della Società e con il bilancio consolidato del Gruppo. Non sono riportati rilievi e richiami di informativa sui quali formulare

osservazioni e proposte;

- d) la stessa società di revisione ha trasmesso, in pari data, al Collegio sindacale, nella qualità di Comitato per il Controllo interno e la revisione contabile, la Relazione aggiuntiva per spiegare i risultati della revisione legale dei conti, ai sensi dell'art. 11 del citato Regolamento UE n. 537/2014, ove non si fa menzione di casi di carenza informativa nell'ambito del bilancio consolidato;
- e) il Collegio ha vigilato sull'indipendenza della società di revisione, ai sensi dell'art. 19 del D.Lgs. n. 39/2010, accertando il rispetto delle disposizioni normative in materia, nonché la compatibilità con le limitazioni previste dalla legge per i servizi diversi dalla revisione legale prestabili alla Società ed alle sue controllate, rilevando che nel corso dell'esercizio non sono stati conferiti alla società di revisione Deloitte & Touche S.p.A. incarichi diversi dall'attività di revisione legale dei conti;
- f) nel corso dell'esercizio chiuso il 31 dicembre 2019 il Collegio non ha ricevuto denunce ai sensi dell'art. 2408 c.c., né esposti da parte di terzi;
- g) il Collegio ha preso atto della Relazione sulla remunerazione approvata dal Consiglio di amministrazione il 19 marzo 2020 e ritiene che non sussistano elementi di criticità da segnalare;
- h) nel corso dell'esercizio chiuso al 31 dicembre 2019 il Collegio Sindacale si è riunito 7 volte, con cadenza minima trimestrale, mentre il Consiglio di Amministrazione si è riunito 7 volte, con cadenza minima trimestrale. Tramite il Presidente e gli altri sindaci il Collegio ha partecipato a alcune delle riunioni del Comitato Controllo, Rischi e Parti Correlate e del Comitato per le Nomine e la Remunerazione.

3. Attività di vigilanza sul rispetto dei principi di corretta amministrazione

Sulla base delle informazioni acquisite, il collegio sindacale dà atto che le scelte gestionali sono ispirate al principio di corretta informazione e di ragionevolezza, avendo gli amministratori consapevolezza dei rischi e degli effetti delle operazioni compiute. Per quel che attiene in particolare ai rischi, si rinvia al paragrafo " Informazioni relative ai rischi e alle incertezze ai sensi dell'art. 2428, comma 2, al punto 6-bis, del Codice civile" della Relazione sulla gestione, all'analisi dei rischi contenuta nel par. 33 delle Note esplicative al Bilancio consolidato ed al par. 33 delle Note esplicative al Bilancio d'esercizio.

La vigilanza eseguita ha interessato le operazioni deliberate e poste in essere dagli Amministratori, riscontrando la loro conformità alla legge ed allo Statuto, che sono ispirate

a principi di razionalità economica e che non sono state manifestamente imprudenti o azzardate, in conflitto d'interessi con la Società, in contrasto con le delibere assunte dall'Assemblea o tali da compromettere l'integrità del patrimonio aziendale.

4. Attività di vigilanza sull'adeguatezza dell'assetto organizzativo

Il Collegio riferisce di avere eseguito il processo periodico di autovalutazione e le valutazioni in merito alla propria composizione con particolare riguardo all'indipendenza, alla dimensione e al funzionamento. Esso ha inoltre preso atto degli esiti positivi delle valutazioni in merito alla composizione, dimensione e funzionamento del consiglio di amministrazione e dei comitati, con particolare riguardo ai requisiti previsti per gli amministratori indipendenti, alla determinazione delle remunerazioni, nonché alla completezza, alle competenze e alle responsabilità connesse a ciascuna funzione aziendale.

Il Collegio considera adeguato l'adempimento da parte delle diverse funzioni amministrative degli obblighi di informazione periodica o eventuale e non ha rilevato rischi apprezzabili derivanti dall'assetto organizzativo.

Tenuto conto delle informazioni acquisite e delle verifiche eseguite, il Collegio ritiene adeguato l'assetto organizzativo, in termini di struttura, procedure, competenze e responsabilità, rispetto alle dimensioni della società ed alla natura dell'attività svolta.

5. Attività di vigilanza sull'adeguatezza del sistema di controllo interno

Spetta al Consiglio di Amministrazione, con l'assistenza del Comitato Controllo, Rischi e Parti Correlate definire le linee guida del sistema di controllo interno, esaminare periodicamente i principali rischi aziendali, dare esecuzione alle linee di indirizzo del sistema di controllo interno e gestione rischi e valutare, almeno con cadenza annuale, l'adeguatezza, l'efficacia e l'effettivo funzionamento del sistema di controllo interno e gestione rischi.

Acquisite le necessarie informazioni, il Collegio Sindacale esprime il parere che le attività e le funzioni maggiormente rilevanti svolte dal complessivo sistema di controllo interno, di revisione interna e di gestione dei rischi siano presidiate ed il Comitato Controllo, Rischi e Parti Correlate, il Comitato Remunerazioni e Nomine, istituiti dalla società assolvono adeguatamente i propri compiti.

Il Collegio Sindacale riferisce di avere periodicamente intrattenuto rapporti e scambi di dati e informazioni rilevanti con la Key Advisory S.r.l., società esterna a cui è stata affidata la funzione di Internal Audit, acquisendo report anche al fine di valutare il piano dei controlli e le sue risultanze, sia nella fase di impostazione che in quella di analisi delle verifiche effettuate, nonché il rispetto dei relativi obblighi informativi. L'attività si esplica principalmente attraverso un piano annuale di audit, sottoposto all'approvazione del consiglio di amministrazione, nonché di monitoraggio dell'effettiva esecuzione delle raccomandazioni emesse negli interventi di verifica.

Il Collegio ritiene pertanto adeguato il complessivo sistema di controllo interno e di gestione dei rischi, che viene opportunamente pianificato dal soggetto responsabile, con riguardo al sistema di valutazione dei rischi aziendali, all'attività di controllo interno, alle procedure e monitoraggio della aree aziendali, per le quali non sono stati segnalati rischi significativi. Si raccomanda comunque l'esecuzione di continui interventi monitoraggio e di affinamento del sistema dei controlli interni.

6. Attività di vigilanza sull'adeguatezza del sistema amministrativo contabile e sulla sua affidabilità a rappresentare correttamente i fatti di gestione

Considerata la funzionalità ed idoneità della struttura societaria deputata alla tenuta delle scritture contabili e valutata l'efficienza del sistema amministrativo contabile nel suo complesso, il Collegio, mediante l'ottenimento di informazioni dall'amministratore incaricato del sistema di controllo interno e di gestione dei rischi e attraverso lo scambio di informazioni con la società di revisione Deloitte & Touche S.p.A., ritiene che esso sia affidabile a rappresentare correttamente i fatti di gestione nelle scritture contabili, e, pertanto, ritiene di non avere osservazioni particolari da fare.

7. Osservazioni sugli eventuali aspetti rilevanti emersi nel corso delle riunioni tenutesi con la società di revisione ai sensi dell'art. 150, comma 2, del D.Lgs. n.58/1998 ed informativa sulle attività di cui all'art.19, comma 1, del D.Lgs. n. 39/2010

Il Collegio ha intrattenuto con i responsabili della società incaricata della revisione contabile un periodico scambio di informazioni in merito all'attività svolta ai sensi dell'art. 150 del T.U.F.; ha analizzato i risultati del lavoro svolto dalla società di revisione; ha ricevuto dalla stessa le relazioni previste dall'art. 14 del D.Lgs. n. 39/2010 e dall'art.11 del citato

Regolamento UE n. 537/2014, nonché la "Conferma annuale dell'indipendenza" ai sensi dell'art. 17, comma nove, lett. a) del D. Lgs. n. 39/2010. Ha inoltre tenuto con essa incontri personali nel corso dei quali è stato illustrato adeguatamente il piano della revisione annuale che, anche alla luce delle modifiche introdotte dai Regolamenti UE n. 534/2014 e n. 56/2014, appare adeguato rispetto alle dimensioni ed alla complessità organizzativa e imprenditoriale della società.

Il Collegio riferisce che la società di revisione legale ha rilasciato le relazioni di cui all'art. le relazioni redatte ai sensi dell'art. 14 del D.Lgs. n. 39/2010 e dell'art. 10 del Regolamento UE 537/2014, e quella aggiuntiva prevista dall'art. 11 del citato Regolamento UE n. 537/2014, senza rilievi e senza richiami di informativa. Al riguardo va evidenziato che in quest'ultima non sono menzionate differenze, considerate significative, rilevate e non recepite in bilancio.

In quanto Comitato per il Controllo Interno e la Revisione Contabile, il Collegio, nell'ambito dell'attività di vigilanza che gli compete ai sensi dell'art. 19, co. 1, D.Lgs. n. 39/2010 e tenuto conto delle citate Relazioni della società di revisione, riferisce che non vi sono anomalie o carenze da segnalare sulla revisione legale dei conti annuali e dei conti consolidati, avendo la società incaricata contribuito con competenza all'integrità/completezza dell'informativa finanziaria.

8. Informazioni sulle modalità di concreta attuazione delle regole di governo societario

Sulla base delle informazioni acquisite, il Collegio Sindacale riferisce circa l'adeguamento dell'assetto di corporate governance della società in attuazione dei codici di comportamento ai quali la società ha dichiarato di attenersi.

Il Collegio Sindacale ha verificato che la Relazione annuale sul governo societario e sugli assetti proprietari è stata redatta in conformità alle disposizioni contenute nell'art. 123-bis T.U.F.; in particolare è stato adempiuto l'obbligo di informare il mercato nella relazione sul governo societario l'adesione della Società al Codice di Autodisciplina, ai sensi dell'art. 123-bis, comma 2 del TUF.

9. Informazioni sull'adeguatezza delle disposizioni impartite dalla società alle società controllate ai sensi dell'art. 114, comma 2, D.Lgs. n.58/1998 e sulle operazioni

con esse intervenute nell'esercizio

Il Collegio Sindacale reputa sufficienti le disposizioni impartite dalla società alle società controllate italiane ed estere, tenendo conto della tipologia e della dimensione delle stesse, al fine di garantire il tempestivo adempimento da parte di queste ultime degli obblighi di comunicazione previsti dalla legge ed ha acquisito dai Collegi Sindacali di tali società, con i quali ha tenuto anche varie riunioni informative, notizie atte ad illustrarne l'andamento della gestione senza ricevere segnalazione di particolari criticità o di aree di rischio specifiche.

Nel corso dell'esercizio sono avvenute le seguenti acquisizioni:

- In data 4 luglio 2019 è stata perfezionata l'acquisizione di Matika S.p.A. da parte della Società;
- In data 19 dicembre 2019 la Società ha sottoscritto accordi per l'acquisizione di Etaeria S.r.l. e per l'acquisizione dell'azienda di titolarità di Aedera S.r.l.. L'operazione è stata successivamente perfezionata in data 15 gennaio 2020.

I rapporti intervenuti con tali società sono trattati al punto 34 delle Note esplicative al bilancio d'esercizio ed al punto 34 delle Note esplicative al bilancio consolidato, ove sono riportati i prospetti relativi ai rapporti commerciali ed a quelli finanziari.

10. Osservazioni sulla disciplina relativa alle operazioni con parti correlate

Il Collegio riferisce circa l'adozione e l'effettiva applicazione, da parte del Consiglio di Amministrazione, ai sensi dell'art. 2391-bis c.c., di una disciplina delle operazioni con parti correlate per quel che attiene alle modalità di approvazione e di esecuzione, con l'obiettivo di garantire sia la conformità delle stesse alle norme di legge e regolamentari, sia il rispetto dei criteri di correttezza, sostanziale, procedurale e di trasparenza del processo decisionale, sia infine il rispetto delle disposizioni in materia di trasparenza e di informazione al pubblico. Con riguardo ai rapporti con parti correlate il Collegio rinvia al par. precedente della presente Relazione, nonché per più ampie notizie al punto 34 delle Note esplicative del Bilancio Consolidato ed al punto 34 delle Note esplicative al bilancio di esercizio.

11. Attività relative al bilancio

Il Collegio ha svolto le verifiche sull'osservanza delle norme inerenti la formazione del progetto di bilancio separato e del bilancio consolidato di Gruppo al 31 dicembre 2019, ed ha preso atto della dichiarazione degli organi preposti per cui il bilancio separato ed il bilancio consolidato sono stati redatti in conformità ai principi contabili internazionali IAS/IFRS ed ai relativi principi interpretativi (SIC/IFRIC) e che la società ha applicato in materia di schemi di bilancio e di informativa societaria, quanto stabilito dalla CONSOB. Come già segnalato al par. 7, il Collegio ha preso anche atto dei contenuti della Relazione aggiuntiva rimessagli dalla società di revisione senza rilievi o richiami di informativa.

Nelle Note al Bilancio:

- sono riportate le informazioni previste dai Principi Contabili Internazionali in merito alla riduzione di valore delle attività;
- si fornisce un'informativa circa i possibili effetti derivanti dall'epidemia di Covid-19, chiarendo che la Società, grazie ad un modello di business basato su commesse pluriennali e ricavi ricorsivi, non prevede di avere impatti significativi sul business, ovvero solo in caso di protrarsi della situazione contingente oltre il primo semestre si può ipotizzare un impatto sulle vendite legate ad acquisizione di nuovi clienti.

12. Valutazioni conclusive in ordine all'attività di vigilanza svolta nonché in ordine alle eventuali omissioni, fatti censurabili o irregolarità rilevate nel corso di essa

All'esito dell'attività di vigilanza svolta nell'esercizio e innanzi illustrata, dalla quale non sono emersi omissioni, fatti censurabili o irregolarità, il Collegio Sindacale non ha osservazioni da formulare, ai sensi dell'art. 153 del D. Lgs.58/1998, per quanto di propria competenza, in ordine ad omissioni, fatti censurabili o irregolarità di cui non ha avuto cognizione nell'esercizio della propria attività di vigilanza.

Milano, 31 marzo 2020

Il Presidente,

Luca Valdameri

(Relazione approvata con consenso unanime)