

Q1 2020 Results Presentation

CLOUD TRANSFORMATION JOURNEY

Being an european cloud leader for non-stop business companies in the cloud transformation era.

Milan, May 11th 2020

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Q1 2020 RESULTS HIGHLIGHTS

Strong acceleration in sales + 49.8% mainly driven by the organic growth and Matika and Etaeria consolidation

- Consolidated Adjusted Revenue of 11.2 M€ (7.5 M€ in Q1 2019) +49.8% compared to the same period of the previous year thanks to the organic growth, the acquisition of Matika and Etaeria and the upselling on existing clients. Consolidated Reported Revenue of 11.6 M€, including the extraordinary impact of tax credit for 0.4 M€;
- Consolidated Adjusted EBITDA of 4.1 M€ (2.9 M€ in Q1 2019) +41.8% compared to the first quarter of 2019, thanks to the level of optimization achieved in the organization of operational processes and services and to the margin improvement of the acquired companies; the margin on revenues is 36.2%,;
- Consolidated Adjusted EBIT of 2.2 M€ (1.5 M€ in Q1 2019) +45.7% compared to the same period of 2019 with a margin on revenue at 19.3%;
- Adjusted Net profit, of 1.6 M€ (2.3 M€ in Q1 2019 which benefited from the positive Patent Box effect for approx. 1 M€);
- Net Financial Position (excluding the impact from the application of IFRS 16 for approx. 6 M€): debt of 29.4 M€ (20 M€ at December 31, 2019); this value includes the Impact of the acquisition and related earn out value of Etaeria and Aedera business of 13.0 M€ and does not consider the valuation of treasury shares in the portfolio, quantified in approximately 10.8 M€ at market value at March 31, 2020;

COVID-19 Update: Effects on Business

- Smart working implementation from February 24th to ensure the safety of all employees → 98% of employees in smart working, minimum presidium only at datacenter;
- Considering the recurring nature of WIIT revenues, based on long term contracts, no significant impacts related to COVID-19 are expected on 2020 results at the moment, as confirmed by the Q1 2020 performance. Impact on new clients acquisition could occur if the contingent situation continues beyond the first half of the year;
- Strong interest from new and existing clients in WIIT's "Smart Working" and "Cyber Security" services in March and April 2020;
- Constant monitoring of clients creditworthiness.

+49.8% Adjusted Revenues
11.2 M€ vs 7.5 M€ in Q1 2019

- Reported revenues +55,2% at 11.6 M€, including the positive impact of tax credit (0.4 M€);
- Constantly growing market;
- Positive organic revenues growth and good contribution from Matika and Etaeria;
- Upselling on existing clients.

Financial Highlights

Q1 2020
VS
Q1 2019

+41.8% Ebitda Adjusted
4.1 M€ vs 2.9 M€ in Q1 2019

- Concentration on Cloud services, reduced low value added product revenue, optimised processes and operating services organization.
- Improvement in margins:
 - WIIT margin slightly decreased to 42.3% due to the allocation on WIIT of some Etaeria clients in order to ease the upselling. Excluding this strategic allocation, WIIT margin was 46,4% higher than 2019 margin at 46%
 - Adelante from 17.7% in 2019 to 21.9% Q1 2020
 - Matika from 25.6% 2019 to 31.1% Q1 2020
 - Etaeria margin at 18,1% in Q1 2020
- Adjustments concern the impact of tax credit and M€ 0.1 of M&A costs.

Financial Highlights

Q1 2020

VS

Q1 2019

1.6 M€ Net Profit Adjusted
1.6 M€ vs 2.3 M€ in Q1 2019

- Q1 2019 Net result benefited from the impact of Patent Box for approx. 1 M€;
- Reported Net profit of 1.7 M€ reflects the positive impact of tax credit of 0.4 M€ and the impact of M&A costs;
- Agreement on the "Patent Box" extended for 2020-2025 tax years

Financial Highlights

Q1 2020
VS
Q1 2019

35.4 M€ Net debt
25.5 M€ at Dec 31, 2019

- IFRS16 effect of 6 M€ at March 2020 (5.5 M€ at Dec 2019);
- Impact of the acquisition and related earn out value of Etaeria and Aedera business of 13.0 M€;
- Strong operating cash flow generation of 3 M€;
- CAPEX expenditure approx. 2.8 M€ mainly related to new orders;
- The treasury shares value (approx. 10.8 M€ at mark to market value at March 31, 2020) is not included in the cash accounting.

Financial Highlights

Q1 2020
VS
Q1 2019

Balance Sheet: Q1 2020 Results

IFRS Form (€ 000)	2018	2019	Q1_20
Intangible Assets	4.050	13.342	14.929
Intangible Assets - Goodwill	9.736	17.605	28.156
Property plant and equipment	13.823	19.063	19.088
Tax non current liabilities	685	727	666
Other Tangible Assets	0	0	0
Investments in associates	0	61	61
Total non-current assets	28.362	50.798	62.901
Inventories	0	83	271
Trade and other receivables	4.699	6.443	6.355
Intercompany receivables	461	36	116
Advance Tax	0	0	0
Other liquid assets	1.734	269	258
Total current assets	6.895	6.830	7.000
Tax current liabilities	669	715	734
Trade and other payables	3.802	4.479	5.323
Payables vs related companies	0	0	35
Other payables and current liabilities	2.056	3.291	3.195
Total current liabilities	6.528	8.528	9.286
Net Working Capital	367	(1.698)	(2.286)
Other payables and non-current liabilities	1.340	860	750
Employee benefits liabilities	1.259	1.984	2.310
Provisions for deferred tax liabilities	214	2.872	2.844
Total non-current liabilities	2.813	5.716	5.904
NET INVESTED CAPITAL	25.917	43.384	54.711
Equity	22.243	20.661	22.838
Net Financial Debt (Cash)	8.230	25.489	25.489
Net Financial Debt (Cash) Excluding impact of IFRS16		20.019	20.019
Cash and cash equivalents at year-end	17.930	11.836	15.795

- Fixed assets mainly include the two Wiit's datacenters (approx. 40% capacity) – amortization in 5 years
- Goodwill refers to the merger of Sevenlab S.r.l. into Wiit in 2014 and acquisition of a division of Visiant Technologies in 2015, Adelante Group, Foster in 2018, Matika in 2019 and Etaeria and Aedera in 2020. Goodwill includes also the overall potential future earn-outs as per achieved financial target plan.
- Intangible Assets YTD Q1_20: 6.2 millions IFRS16

Income Statement: Q1 2020 Results

IFRS Form (€ 000)	2018	2019	Q1_19	Q1_20
NET SALES	25.237	33.911	7.474	11.195
Cost of products and service sold (excl. IPO costs)	10.121	14.175	3.278	4.722
Cost of employees (excl. Figurative cost Perf. Shares)	4.395	6.229	1.245	2.458
Other cost and charges	309	382	94	139
Variation of inventory	0	(66)	0	(175)
Total costs	14.826	20.719	4.616	7.143
EBITDA Adjusted	10.412	13.192	2.857	4.052
	41,3%	38,9%	38,2%	36,2%
Amortisation, depreciation	5.108	6.903	1.376	2.022
Amortisation Purchase Price Allocation		511		(128)
Figurative cost of Performance Share 2016-2018	283	0	0	0
Other revenues (tax credit)				(403)
IPO and M&A Costs	142	1.063	793	135
OPERATING PROFIT	4.878	5.226	689	2.299
OPERATING PROFIT Adjusted	5.303	6.800	1.482	2.158
	21,0%	20,1%	19,8%	19,3%
Depreciation of investments in associates	0	(7)	0	0
Financial income	7	252	129	0
Financial costs	(508)	(439)	(56)	(148)
Exchange rate differences	(90)	(40)	0	(5)
RESULT BEFORE TAXES	4.287	4.992	761	2.146
Income taxes	791	(258)	(848)	431
NET RESULT	3.496	5.250	1.610	1.715

* EBITDA adjusted Q1_2020 - excluding non-recurring costs M&A of approx. 0,1mnl Euro and non-recurring revenue for tax credit for 0,4mnl Euro

- Big potential for a margin expansion thanks to a scalable platform with fixed costs mainly
- Performance shares plan generates a figurative cost ex IAS principles (tax deductible)
- IPO cost: cost related to listing to MTA process (Star Segment)
- M&A cost: cost related to due diligence for Merger and Acquisition
- Tax benefits active from year 2016 on
- “Super-ammortamento”: 140% overvaluation of the 2017 investments in new assets purchased or leased. Opportunity to benefit of subsidy for investments in intangible capital goods (software and IT systems)
- “Patent-Box”: benefit starting benefit calculation from Y2015. Renewed the benefits for the next 5 fiscal years
- “Tax Credit”: benefit for IPO costs

Shareholding Structure

No. Shares 2.652.066

