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Testo del comunicato

Vedi allegato.

The Private Cloud

PRESS RELEASE

BoD of WIIT S.p.A. approves Q1 2020 results[1]

Sales advance strongly (+49.8%), mainly driven by the organic growth and the consolidation of Matika and Etaeria

EBITDA up 41.8% on Q1 2019, thanks to the concentration on Cloud services, the degree of optimisation of process and operating services organisation and the ongoing improvement in the margin of acquirees

Significant cash generation in the quarter

The WIIT Group reports for Q1 2020:

- **Consolidated revenues of 11.6 million (+55.2% compared to Q1 2019), including the extraordinary effect of the tax credit for Euro 0.4 million.**
- **Consolidated EBITDA of Euro 4.3 million, up 109.3% on the same period of 2019. Margin on revenues of 37.3%.**
- **Consolidated EBIT of Euro 2.3 million, up 234% on Q1 2019.**
- **Reported consolidated net profit of Euro 1.7 million reflects the impact on non-recurring costs from the acquisition of Etaeria Spa (approx. Euro 0.1 million) and the benefit from the tax credit (approx. Euro 0.4 million). In the previous year, the "Patent Box" benefit for previous years was recognised (Euro 1.0 million). .**
- **Adjusted consolidated revenues of Euro 11.2 million (Euro 7.5 million in Q1 2019), +49.8% on the previous year; increase driven by organic growth, a focus on higher added-value products, a continually expanding Cloud services market and the acquisition of Matika and Etaeria.**
- **Consolidated Adjusted EBITDA of Euro 4.1 million (Euro 2.9 million in Q1 2019), +41.8% on Q1 2019, thanks to the concentration on Cloud services, the degree of optimisation of process and operating services organisation and the ongoing improvement in the margin of acquirees; margin on revenues of 36.2%.**
- **Consolidated Adjusted EBIT of Euro 2.2 million (Euro 1.5 million in Q1 2019), +45.7% on the same period of the previous year, with a margin on revenues of 19.3%.**
- **Adjusted net profit of Euro 1.6 million (Euro 2.3 million in Q1 2019, this result includes the Patent Box effect for Euro 1.0 million).**
- **Net Financial Position (excluding impact from application of IFRS 16 for approx. Euro 6.0 million): debt of Euro 29.4 million (Euro 20.0 million in 2019). This includes the value of the acquisition and all the earnouts relating to Etaeria Spa and the Aedera business, totalling Euro 13 million. This**

[1] For the definitions of EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Net Financial Position/Net Debt, Adjusted net profit, reference should be made to the "Alternative performance measures" at the end of this Press Release.

amount does not include the valuation of the treasury shares in portfolio, quantified at approx. Euro 10.8 million at market value at March 31, 2020.

- **Covid19 update:**
  - **the company has fully provided its services through remote working since February 24, 2020;**
  - **given the recurring nature of WIIT's revenues, no significant impact on 2020 operating and financial performance is expected, as confirmed by Q1 2020 results.**

Milan, May 11, 2020 – The Board of Directors of WIIT S.p.A ("**WIIT**" or the "**company**"; ISIN IT0004922826; WIIT.MI), a leading Italian player in the Cloud Computing market for enterprises demanding uninterrupted Hybrid Cloud and Hosted Private Cloud services for critical applications, meeting today approved the consolidated results at March 31, 2020, drawn up as per IFRS.

The **Chief Executive Officer**, Alessandro Cozzi, stated: "*We are very satisfied with the results achieved by the WIIT Group in the first quarter of the year, with a significant improvement both in sales and EBITDA growth, and featuring an improved margin across all Group companies, in addition to cash generation. Despite the major uncertainties and fears in terms of the social and economic repercussions of the health emergency due to COVID-19, thanks to a business model based on long-term orders and recurring revenues, we have not seen any impact on our business. Strong interest has been seen to date from existing and new customers in the smart working and cyber security services provided through our Cloud platform, with the initial results already emerging in the months of March and April. M&A's also continue on schedule both in Italy and overseas*".

* * *

Q1 2020 Consolidated results

The Group headed by WIIT (the "WIIT Group") reports **consolidated revenues** for Q1 2020 of Euro 11.6 million, up 55.2% on Euro 7.5 million for the first quarter of 2019. This result includes the one-off benefit of Euro 0.4 million from the tax credit.

Adjusted consolidated revenues totaled Euro 11.2 million, up 49.8% on the same period of the previous year. This increase was driven by organic development with upselling on existing customers, the acquisition of new customers and the contribution of Matika and Etaeria, in line with expectations.

Consolidated **Adjusted EBITDA** in Q1 2020 was Euro 4.1 million (+41.8%), compared to Euro 2.9 million in Q1 2019, with a margin on revenues of 36.2%.

The WIIT margin in Q1 2020 was 42.3%, slightly decreasing on the previuos quarter; this result was impacted by the allocation to WIIT of approx. Euro 0.6 million of low-margin revenues relating to the top 60 customers of Etaeria, which passed directly to the parent company to facilitate upselling. Excluding this amount, WIIT margin increased to 46,4% higher than 2019 margin at 46% . The gradual and substantial improvement in Adelante's margin continues, increasing from 17.7% in 2019 to 21.9% in Q1 2020, and of Matika which increased from 25.6% in 2019 to 31.1% in the first quarter of 2020. Finally, the margin of Etaeria was 18.1% in the quarter. This progression follows the Group's concentration on

Cloud services, reduced low added-value product revenue and optimised process and operating services organisation.

The adjustment to **EBITDA** for Q1 2020 concerns the positive effect from the tax credit and for Euro 0.1 million non-recurring costs for acquisitions.

Adjusted EBIT was Euro 2.2 million in Q1 2020, growing 45.7% on Euro 1.5 million in Q1 2019, with a 19.3% margin on revenues.

The Adjusted net profit for Q1 2020 was Euro 1.6 million, compared to Euro 2.3 million at first quarter of 2019. In the previous period, the "Patent Box" benefit relating to preceding periods was recognised.

The reported consolidated net profit of Euro 1.7 million reflects the impact on non-recurring costs from the acquisition of Etaeria Spa (approx. Euro 0.1 million) and from the tax credit benefit (approx. Euro 0.4 million).

The **Net Financial Position (debt),** considering the IFRS 16 impact of approx. Euro -6.0 million in the period, increased from a debt of Euro 25.5 million at December 31, 2019 to Euro 35.4 million at March 31, 2020. This amount includes, in particular, the value of the acquisition and all the earn outs relating to Etaeria Spa and the Aedera business of Euro 13 million.

Strong cash flows were generated from operating activities in first quarter of Euro 3 million. Cash and cash equivalents were approx. Euro 15.8 million, despite CAPEX of approx. Euro 2.8 million mainly in IT infrastructure related to new orders.

The value of treasury shares at March 31, 2020 was approx. Euro 10.8 million and is not included in the cash accounting.

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Significant events

On **January 7, 2020** the Company signed a loan contract for a maximum of 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.

On January 9, 2020, the first tranche of the above loan was issued for Euro 10 million.

On January 15, 2020, following the agreement signed 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, provider of IT services and solutions for the digitalisation of companies in SAAS mode (the "Aedara 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.

Significant events subsequent to March 31, 2020

On May 4, 2020, the company obtained from the Ministry for Economic Development the tax credit recognised to SME's for consultancy costs incurred from January 1, 2018 until December 31, 2020 for their listing on a regulated market. The tax credit for Euro 403,049.00 shall be used according to the means set out in Article 7 of the above Ministerial Decree of April 23, 2018. This credit has been included in the financial statements.

Outlook and COVID-19 emergency

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 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 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, with the results already emerging in the months of March and April.

In this environment however, the WIIT Group is taking all necessary measures to contain any impact on the Cloud market in order to protect its operating results and cash generation and constantly monitors the credit worthiness of its smaller customers.

The Company in addition 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 customers. Working locations deemed non-essential have also been closed.

* * *

Statement pursuant to Article 154-*bis*, paragraph 2 of Legislative Decree No. 58/98.

The Corporate Financial Reporting Manager, Mr. Stefano Pasotto, declares, pursuant to Article 154-bis, second paragraph of Legs. Decree No. 58/98, that this press release corresponds to the underlying accounting documents, records and accounting entries.

* * *

This press release contains certain forward-looking statements and forecasts reflecting the Group management's current views with respect to certain future events. Forward-looking statements are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding the Group's future financial position and operating results, strategy, plans, objectives, goals and targets and future developments on the markets in which the Group participates or is seeking to participate. As a result of these uncertainties and risks, readers are advised that they should not excessively rely on such forward-looking information as an indicator of actual results. The Group's ability to achieve its projected results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions. The forecasts and estimates contained therein are based on information available to the Group as of today. The Group assumes no obligation to publicly update or revise forecasts and estimates as a result of the availability of new information, future events or otherwise, subject to compliance with applicable laws.

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WIIT S.p.A.

WIIT S.p.A., listed on the STAR segment of the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A (WIIT.MI), is a leading Italian Cloud Computing market player, focused particularly on the Hybrid Cloud and Hosted Private Cloud for enterprises market. The company focuses and specialises in Hosted Private and Hybrid Cloud services for enterprises requiring critical application management and business continuity and manages all the main international platforms (SAP, Oracle and Microsoft), providing an end-to-end approach. WIIT manages its own data centers, with the main center "Tier IV" certified by the Uptime Institute LLC of Seattle (United States) - the highest level of reliability possible - and is among the SAP's best certified partners. For further details, reference should be made to the company website (wiit.cloud).

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The following tables have been prepared in accordance with IAS/IFRS.

CONSOLIDATED BALANCE SHEET

	31.03.20	31.12.19	Adjusted 31.03.20	Adjusted 31.12.19
ASSETS				
Other intangible assets	14,928,630	13,341,905	14,928,630	13,341,905
Goodwill	28,156,374	17,604,960	28,156,374	17,604,960
Property, plant and equipment	3,001,533	3,208,450	3,001,533	3,208,450
Other tangible assets	9,873,035	10,147,369	9,873,035	10,147,369
Right-of-use	6,213,754	5,706,817	6,213,754	5,706,817
Deferred tax assets	666,487	727,459	666,487	727,459
Equity investments and other non-current financial assets	60,866	60,861	60,866	60,861
Other non-current assets deriving from contracts	384,668	440,499	384,668	440,499
Other non-current assets	397,517	291,779	397,517	291,779
NON-CURRENT ASSETS	**63,682,865**	**51,530,099**	**63,682,865**	**51,530,099**
Inventories	271,172	82,628	271,172	82,628
Trade receivables	6,355,177	6,442,595	6,355,177	6,442,595
Trade receivables from associates	115,672	35,567	115,672	35,567
Current financial assets	0	0	0	0
Current assets deriving from contracts	257,825	269,325	257,825	269,325
Other receivables and other current assets	3,483,325	2,325,204	3,483,325	2,325,204
Cash and cash equivalents	15,795,279	11,836,359	15,795,279	11,836,359
CURRENT ASSETS	**26,278,451**	**20,991,678**	**26,278,451**	**20,991,678**
TOTAL ASSETS	**89,961,316**	**72,521,777**	**89,961,316**	**72,521,777**

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CONSOLIDATED INCOME STATEMENT

	Reported Q1 20	Reported Q1 19	Adjusted Q1 20	Adjusted Q1 19
REVENUES AND OPERATING INCOME				
Revenues from sales and services	11,138,146	7,465,707	11,138,146	7,465,707
Other revenues and income	460,182	7,828	57,133	7,828
Total revenues and operating income	**11,598,328**	**7,473,535**	**11,195,279**	**7,473,535**
OPERATING COSTS				
Purchases and services	(4,856,399)	(4,070,737)	(4,721,614)	(3,277,612)
Personnel costs	(2,457,926)	(1,244,601)	(2,457,926)	(1,244,601)
Amortisation, depreciation & write-downs	(2,021,884)	(1,375,719)	(1,894,195)	(1,375,719)
Provisions	0	0	0	0
Other costs and operating charges	(138,742)	(93,829)	(138,742)	(93,829)
Change Inventories of raw mat., consumables and goods	175,463	0	175,463	0
Total operating costs	**(9,299,488)**	**(6,784,886)**	**(9,037,015)**	**(5,991,761)**
EBIT	**2,298,840**	**688,649**	**2,158,265**	**1,481,774**
Write-down of equity investments	0	0	0	0
Financial income	319	129,043	319	129,043
Financial expenses	(147,980)	(56,219)	(147,980)	(56,219)
Exchange gains/(losses)	(4,978)	0	(4,978)	0
PROFIT BEFORE TAXES	**2,146,201**	**761,473**	**2,005,626**	**1,554,598**
Income taxes	(430,867)	848,132	(391,646)	725,329
NET PROFIT FROM CONTINUING OPERATIONS	**1,715,335**	**1,609,605**	**1,613,980**	**2,279,927**
Net profit from discontinued operations	**0**	**0**	**0**	**0**
NET PROFIT	**1,715,335**	**1,609,605**	**1,613,980**	**2,279,927**
EBITDA	**4,320,724**	**2,064,368**	**4,052,460**	**2,857,493**
	37.3%	**27.6%**	**36.2%**	**38.2%**
EBIT	**2,298,840**	**688,649**	**2,158,265**	**1,481,774**
	19.8%	**9.2%**	**19.3%**	**19.8%**

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CASH FLOW STATEMENT

CASH FLOW STATEMENT	31.03.2020	31.03.2019
Net profit from continuing operations	1,715,335	1,609,605
Adjustments for non-cash items:		
Amortisation, depreciation, revaluations and write-downs	2,021,884	1,375,719
Financial assets adjustments	0	0
Change in employee benefits	29,508	40,741
Financial expenses	147,980	56,219
Income taxes	430,867	(848,132)
Other non-cash changes (deferred tax assets/liabilities)	281,967	
Cash flow generated from operating activities before working capital changes	**4,627,541**	**2,234,153**
Changes in current assets and liabilities:		
Decrease (increase) in inventories	(176,194)	0
Decrease (increase) in trade receivables	2,549,700	493,517
Decrease (increase) in tax receivables	13,066	23,309
Increase (decrease) in trade payables	(1,478,633)	1,902,671
Increase (decrease) in tax payables	(734,982)	596,336
Decrease (increase) other current assets	1,242,313	(1,133,307)
Increase (decrease) in current liabilities	(2,847,635)	2,677,710
Decrease (increase) in other non-current assets	(105,739)	0
Increase (decrease) in other non-current liabilities	237,606	0
Decrease (increase) in assets deriving from contracts	67,331	82,476
Increase (decrease) in liabilities deriving from contracts	(122,101)	(191,401)
Cash flow generated from operating activities		
Income taxes paid	0	(27,109)
Interest paid/received	(131,519)	(56,219)
Net cash flow generated from operating activities (a)	**3,140,754**	**6,602,133**
Net increase intangible assets	(2,715,904)	(993,193)
Net increase tangible assets	(119,020)	(1,317,562)
Net decrease (increase) in financial assets	0	67,331
Cash flows from business combinations net of cash and cash equivalents	(4,411,753)	0
Net cash flow used in investing activities (b)	**(7,246,676)**	**(2,243,424)**
New financing	10,000,000	(0)
Repayment of loans	(1,131,144)	(839,391)
Finance lease payables	(759,308)	(236,047)
Payment of deferred fees for business combinations	(44,708)	0
Increases (decreases) in bank overdrafts	0	(2,328,575)
Net cash flow from financing activities (c)	**8,064,841**	**(3,404,013)**
Net increase/(decrease) in cash and cash equivalents a+b+c	**3,958,919**	**954,697**
Cash and cash equivalents at end of period	15,795,279	18,884,803
Cash and cash equivalents at beginning of period	11,836,360	17,930,107
Net increase/(decrease) in cash and cash equivalents	**3,958,919**	**954,697**

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Alternative performance indicators

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: "other non-recurring revenues and income" related to tax credit received for consultancy costs incurred for the listing in a regulated market, 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.

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, "other non-recurring revenues and income" related to tax credit received for consultancy costs incurred for the listing in a regulated market, 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.

Adjusted net profit or loss – A non-GAAP measure used by the Group to measure its performance. Adjusted net profit or loss 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.

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