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Oggetto : BoD of WIIT S.p.A. approves Q1 2021  
results

*Testo del comunicato*

Vedi allegato.



## PRESS RELEASE

### BoD of WIIT S.p.A. approves Q1 2021 results<sup>1</sup>

**Revenues up significantly to Euro 17.7 million (+58.5%), driven by organic growth, the contribution of myLoc, the extension of contracts and the winning of new customers**

**Adjusted EBITDA of Euro 7.2 million (+76.5%)**

**Margin up to 40.3%, thanks to operating efficiencies, the focus on higher added value services and the contribution of myLoc**

**Adjusted net profit of Euro 3.2 million, up 95.5%**

#### The WIIT Group reports for Q1 2021:

- **Adjusted consolidated revenues of Euro 17.7 million, +58.5% on Euro 11.2 million in Q1 2020, driven by organic growth of approx. 13%, with a focus on higher added value services, increased cross selling on the customers of the acquired companies and the winning of new customers, in addition to the contribution of myLoc for Euro 4.7 million.**
- **Consolidated Adjusted EBITDA of Euro 7.2 million, +76.5% on Euro 4.1 million in Q1 2020, thanks to operating efficiencies, the concentration on Cloud services and the contribution of the myLoc profitability. Margin on revenue of 40.3%.**
- **Consolidated Adjusted EBIT of Euro 4.1 million, +90.9% on Euro 2.2 million in Q1 2020, with a margin on revenue of 23.2%.**
- **Adjusted net profit of Euro 3.2 million, up 95.5% on Euro 1.6 million in Q1 2020.**
- **Adjusted Net Financial Position of Euro -93.9 million (Euro -95.6<sup>2</sup> million at December 31, 2020). The Adjusted Net Financial Position includes the IFRS 16 effect for Euro 7.9 million (Euro 9.0 million in 2020). This amount reflects in particular the debt for the acquisition of myLoc at the end of September 2020 for approx. Euro 55 million (including the IFRS 16 effect and bank fees). This amount does not include the valuation of treasury shares in portfolio for approx. Euro 24.5 million at market value at March 31, 2021.**
- **Q1 2021 myLoc figures<sup>3</sup>:**
  - **Adjusted Revenues of Euro 4.7 million;**
  - **Adjusted EBITDA of Euro 2.4 million, with a margin on revenue of 51.5%;**
  - **Adjusted EBIT of Euro 1.4 million, with a margin on revenue of 31.0%;**

<sup>1</sup>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 indicators" at the end of this Press Release.

<sup>2</sup> The difference of Euro 0.3 million on that indicated by the Company in the press release of March 19, 2021, published for the approval of the 2020 results, refers to the non-recurring activities considered by management, which are however not included in the tables as per Consob Communication No. DEM/6064293 of July 28, 2006. Therefore from Q1 2021 the numbers are made comparable, in line with the attached tables.

<sup>3</sup> myLoc Management IT AG ("myLoc") – a company acquired on September 30, 2020.

# WIIT

THE PREMIUM CLOUD

**Milan, May 13, 2021** – The Board of Directors of WIIT S.p.A (“WIIT” or the “Company”; ISIN IT0004922826; WIIT.MI), a leading European 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, 2021, drawn up as per IFRS.

The **Chief Executive Officer Alessandro Cozzi observed**: “The excellent results for Q1 2021 confirm the ongoing improvement of all Group financial indicators. In particular, in addition to the organic growth, I wish to highlight the significant contribution of myLoc - both to revenues and margins - which indicates the strength of our decision to invest in the German market which is showing considerable potential for added value services, a key focus for WIIT. Finally, we are investing in marketing and communication to support “brand awareness” and our commercial structures, having refreshed the brand with the launch of a new logo and an innovative advertising campaign. Meanwhile, the commercial Pipeline continues to grow”.

\* \* \*

## **Q1 2021 Consolidated results**

The Group headed by WIIT (the “Group” or the “WIIT Group”) reports **consolidated adjusted revenues** for Q1 2021 of Euro 17.7 million, up significantly (+58.5%) on Euro 11.2 million in the first quarter of 2020.

This increase is driven by organic development, the contribution of myLoc, a focus on higher added value services, the winning of new customers, cross-selling to customers of acquired companies and the consolidation of these companies.

Consolidated **Adjusted EBITDA** in Q1 2021 was Euro 7.2 million (+76.5%), compared to Euro 4.1 million in Q1 2020, with a margin on revenues of 40.3%.

WIIT's margin in Q1 2021 was 44.5%, compared to 42.9% in FY 2020, with the margin of the subsidiary Matika S.p.A. also improving from 27.2% in 2020 to 30.8% in Q1 2021 and that of Etaeria S.p.A. from 19.5% in 2020 to 24.7% in Q1 2021. Adelante's margin was 19.7% (21.1% in 2020). myLoc's margin was 51.5%, improving from 43.9% in 2020.

The adjustment to **EBITDA** in Q1 2021 concerns an immaterial difference.

**Adjusted EBIT** was Euro 4.1 million in Q1 2021, growing 90.9% on Euro 2.2 million in Q1 2020, with a 23.2% margin on revenues.

The adjustment to **EBIT** in Q1 2021 concerns the value of amortisation and depreciation concerning the PPA (Purchase Price Allocation) for the acquisition of myLoc for Euro 0.5 million.

**Financial charges** totalled Euro 0.3 million, compared to Euro 0.15 in Q1 2020, mainly due to the loans related to the acquisitions.

**Adjusted net profit** in Q1 2021 was Euro 3.2 million, up 95.5% on Euro 1.6 million in Q1 2020.

The **Net Financial Position (debt)**, considering the IFRS 16 impact of approx. Euro -7.9 million in Q1 2021, decreased from Euro -95.6 million at December 31, 2020 to Euro -93.9 million at March 31, 2021. This amount includes, in particular, the debt for the acquisition of myLoc in late September 2020 of approx. Euro 55 million (including the IFRS 16 effect and bank fees). This amount does not include the valuation of treasury shares in portfolio for approx. Euro 24.5 million at market value at March 31, 2021.

Strong cash flows were generated from operating activities in Q1 2021. Cash and cash equivalents were approx. Euro 18.8 million, despite CAPEX of approx. Euro 3.74 million in IT infrastructure related to new orders and the purchase of treasury shares for Euro 1.5 million.

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<sup>4</sup> This amount is not reflected in the cash flow statement, as concerning EDP (right-of-use)

# WIIT

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## Q1 2021 significant events

**On January 21, 2021**, WIIT announced the five-years renewal of its existing contract with a leading international group in the business process outsourcing services sector for a total value of **approx. Euro 6.9 million**. The new scope of services also includes access to WIIT's "Smart Working as a service" platform for over 1,000 people.

**On March 11, 2021**, WIIT announced the four-years renewal of its existing contract with one of the main operators providing credit management services for a total value of approx. Euro 3.3 million.

**On March 19, 2021**, the Board of Directors of WIIT S.p.A. approved the statutory financial statements and the consolidated financial statements at December 31, 2020, drawn up as per IFRS - and the Directors' Report.

## Subsequent events to Q1 2021

On **May 5, 2021**, the Shareholders' Meeting met in ordinary and extraordinary session and, among other matters, appointed the new Board of Directors and the new Board of Statutory Auditors for the 2021-2023 period.

The Shareholders' Meeting also approved the 1:10 stock split of 2,652,066 ordinary shares (no par value) into 26,520,660 newly issued ordinary shares, having the same characteristics as the issued ordinary shares. This stock split is expected to be completed by the end of May 2021. The shareholders shall be notified on the execution date of the stock split.

## COVID-19 update and Outlook

Despite the ongoing effects and concerns on the social and economic repercussions of the health emergency, 2021 is expected to mark a year of significant revenue and margin growth for WIIT, thanks to a business model based on multi-year orders and recurring revenues, in addition to the excellent market positioning of the WIIT Group's Cloud services, which are key to the digital transformation of businesses.

Company operations continue in terms of marketing activities to build the brand, supported also by the launch of the new logo and an innovative advertising campaign.

Strong interest is evident once again in 2021 not only for the Hybrid Cloud services, but also the smart working and cyber security provided through the WIIT Cloud platform by existing and new customers.

The variety of sectors in which the Company operates and its good financial standing, in addition to its access to liquidity (also considering the treasury shares in portfolio) and lines of credit approved by credit institutions but not drawn down are elements of further solidity.

The WIIT Group continues to monitor the developing situation in order to minimise its social and workplace health and safety impacts, in addition to the operating, equity and financial situation, by drawing up and rolling out flexible and timely action plans.

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The consolidated financial statements of the WIIT Group at March 31, 2021 are attached. The figures in this press release have not been audited.

\* \* \*

### **Statement pursuant to Article 154-bis, paragraph 2 of Legislative Decree No. 58/1998.**

The Corporate Financial Reporting Manager, Mr. Stefano Pasotto, declares, pursuant to Article 154-bis, second paragraph of Legislative Decree No. 58/1998, 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.

\* \* \*

### **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 European Cloud Computing market player, focused particularly on the Hybrid Cloud and Hosted Private Cloud for enterprises market. This company specialises in Hosted Private and Hybrid Cloud services for enterprises requiring critical application and business continuity management, with all the main international application platforms managed (SAP, Oracle and Microsoft) using an end-to-end approach. WIIT manages proprietary data centers, with the main center Tier IV level certified by the Uptime Institute LLC of Seattle (USA). This is the highest possible level of reliability, while the company is also among the world's most certified SAP partners. For further details, reference should be made to the Company website ([wiit.cloud](http://wiit.cloud)).*

# WIIT

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# WIIT

## THE PREMIUM CLOUD

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

### CONSOLIDATED BALANCE SHEET

	31.03.2021	31.12.2020
<b>ASSETS</b>		
Intangible assets	29,216,251	29,157,680
Goodwill	56,660,267	56,660,268
Plant and machinery	2,225,050	9,050,928
Other tangible assets	24,487,903	2,417,428
Rights-of-use	8,060,420	23,033,145
Deferred tax assets	1,152,950	1,209,368
Equity investments and other non-current financial assets	81,863	81,863
Other non-current assets deriving from contracts	187,129	217,174
Other non-current assets	331,168	306,533
<b>NON-CURRENT ASSETS</b>	<b>122,403,000</b>	<b>122,134,387</b>
Inventories	134,814	85,487
Trade receivables	7,772,856	7,965,156
Trade receivables from associates	33,734	35,713
Current financial assets	13,980	13,482
Current assets deriving from contracts	197,539	223,325
Other receivables and other current assets	4,031,439	3,601,378
Cash and cash equivalents	18,777,845	18,242,212
<b>CURRENT ASSETS</b>	<b>30,962,207</b>	<b>30,166,753</b>
<b>TOTAL ASSETS</b>	<b>153,365,208</b>	<b>152,301,140</b>

# WIIT

## THE PREMIUM CLOUD CONSOLIDATED BALANCE SHEET

	31.03.2021	31.12.2020
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	2,652,066	2,652,066
Share premium reserve	19,248,704	19,248,704
Legal reserve	529,302	530,422
Other reserves	(14,559,005)	(13,166,035)
Reserves and retained earnings (accumulated losses)	5,862,298	3,389,210
Translation reserve	(4,879)	(8,638)
Group net profit	2,373,672	1,594,498
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>16,102,158</b>	<b>14,240,227</b>
<i>Profit attributable to non-controlling interests</i>	314,912	878,591
<i>Non-controlling interests capital and reserves</i>	878,591	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>17,295,661</b>	<b>15,118,818</b>
Payables to other lenders	10,319,349	11,409,366
Bank payables	72,226,968	72,984,366
Other non-current financial liabilities	8,827,369	10,945,144
Employee benefits	2,812,037	2,842,413
Deferred tax liabilities	8,265,086	8,624,975
Non-current liabilities deriving from contracts	397,195	447,960
Other payables and non-current liabilities	366,574	0
<b>NON-CURRENT LIABILITIES</b>	<b>103,214,578</b>	<b>107,254,224</b>
Payables to other lenders	8,253,825	6,517,799
Short-term loans and borrowings	4,597,395	3,885,074
Current income tax liabilities	1,988,187	1,138,913
Other current financial liabilities	8,502,772	8,124,085
Trade payables	5,376,221	6,166,928
Payables to associates	36,168	43,135
Current liabilities deriving from contracts	353,139	403,165
Other payables and current liabilities	4,625,851	3,648,998
<b>CURRENT LIABILITIES</b>	<b>33,733,558</b>	<b>29,928,097</b>
<b>TOTAL LIABILITIES</b>	<b>136,948,136</b>	<b>137,182,321</b>
<b>TOTAL LIABILITIES</b>	<b>153,365,208</b>	<b>152,301,140</b>



# WIIT

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## CONSOLIDATED INCOME STATEMENT

	Q1 2021	Q1 2020	Adjusted Q1 2021	Adjusted Q1 2020
<b>REVENUES AND OPERATING INCOME</b>				
Revenues from sales and services	17,682,455	11,138,146	17,682,455	11,138,146
Other revenues and income	62,569	460,182	62,569	57,133
<b>Total revenues and operating income</b>	<b>17,745,024</b>	<b>11,598,328</b>	<b>17,745,024</b>	<b>11,195,279</b>
<b>OPERATING COSTS</b>				
Purchases and services	(6,943,423)	(4,856,399)	(6,928,423)	(4,721,614)
Personnel costs	(3,340,126)	(2,457,926)	(3,340,126)	(2,457,926)
Amortisation, depreciation & write-downs	(3,533,162)	(2,021,884)	(3,033,662)	(1,894,195)
Provisions	0	0	0	0
Other costs and operating charges	(372,314)	(138,742)	(372,314)	(138,742)
Change Inventories of raw mat., consumables and goods	49,327	175,463	49,327	175,463
<b>Total operating costs</b>	<b>(14,139,699)</b>	<b>(9,299,488)</b>	<b>(13,625,199)</b>	<b>(9,037,015)</b>
<b>EBIT</b>	<b>3,605,325</b>	<b>2,298,840</b>	<b>4,119,825</b>	<b>2,158,265</b>
Income (Charges) from Equity Method	0	0	0	0
Financial income	385	319	385	319
Financial charges	(314,412)	(147,980)	(314,412)	(147,980)
Exchange gains/(losses)	(11,472)	(4,978)	(11,472)	(4,978)
<b>PROFIT BEFORE TAXES</b>	<b>3,279,826</b>	<b>2,146,202</b>	<b>3,794,327</b>	<b>2,005,626</b>
Income taxes	(591,242)	(430,867)	(639,692)	(391,646)
<b>NET PROFIT</b>	<b>2,688,584</b>	<b>1,715,335</b>	<b>3,154,635</b>	<b>1,613,980</b>
<b>EBITDA</b>	<b>7,138,488</b>	<b>4,320,724</b>	<b>7,153,488</b>	<b>4,052,460</b>
	<b>40.2%</b>	<b>37.3%</b>	<b>40.3%</b>	<b>36.2%</b>
<b>EBIT</b>	<b>3,605,325</b>	<b>2,298,840</b>	<b>4,119,825</b>	<b>2,158,265</b>
	<b>20.3%</b>	<b>19.8%</b>	<b>23.2%</b>	<b>19.3%</b>

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## The net cash position at March 31, 2021 was as follows:

	31/03/2021	31/12/2020
A - Cash and cash equivalents	18,777,845	18,242,212
B - Securities held for trading	0	0
<b>C - Liquidity (A)+(B)</b>	<b>18,777,845</b>	<b>18,242,212</b>
D - Current financial assets	13,980	13,482
E - Current bank payables	(4,597,395)	(3,885,074)
F - Other current financial liabilities	(8,502,772)	(8,124,085)
G - Payables to other lenders	(8,253,825)	(6,517,799)
<b>H - Current financial debt (D)+(E)+(F)+(G)</b>	<b>(21,340,012)</b>	<b>(18,513,476)</b>
<b>I - Current net financial debt (H) - (C)</b>	<b>(2,562,167)</b>	<b>(271,264)</b>
J - Bank payables	(72,226,968)	(72,984,366)
K - Payables to other lenders	(10,319,349)	(11,409,366)
L - Other non-current financial liabilities	(8,827,369)	(10,945,144)
<b>M. Non-current financial debt (J)+(K)+(L)</b>	<b>(91,373,686)</b>	<b>(95,338,876)</b>
<b>N - Net financial debt (I) + (M) of the Group</b>	<b>(93,935,853)</b>	<b>(95,610,140)</b>
- Lease payables IFRS 16 (current)	1,630,827	1,833,287
- Lease payables IFRS 16 (non-current)	6,262,556	7,174,990
<b>O - Net financial debt excluding the impact of IFRS 16 for the Group</b>	<b>(86,042,470)</b>	<b>(86,601,863)</b>

The net financial position (net debt) is in line with ESMA's "Guidelines on disclosure requirements under the Prospectus Regulation" (ESMA32-382-1138)

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<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Net profit from continuing operations</b>	2,688,584	1,715,335
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	3,533,162	2,021,884
Financial assets adjustments	0	0
Change in employee benefits	(29,435)	29,508
Increase (decrease) provisions for risks and charges	0	0
Financial expenses	314,412	147,980
Income taxes	591,242	430,867
Other non-cash changes (deferred tax assets/liabilities)	(341,200)	281,967
<b>Cash flow generated from operating activities before working capital changes</b>	<b>6,756,767</b>	<b>4,627,541</b>
<i>Changes in current assets and liabilities:</i>		
Decrease (increase) in inventories	(49,327)	(176,194)
Decrease (increase) in trade receivables	129,846	2,549,700
Decrease (increase) in tax receivables	0	13,066
Increase (decrease) in trade payables	(787,675)	(1,478,633)
Increase (decrease) in tax payables	125,768	(734,982)
Decrease (increase) other current assets	(379,006)	1,242,313
Increase (decrease) in current liabilities	471,463	(2,847,635)
Decrease (increase) in other non-current assets	(24,635)	(105,739)
Increase (decrease) in other non-current liabilities	366,574	237,606
Decrease (increase) in assets deriving from contracts	55,831	67,331
Increase (decrease) in liabilities deriving from contracts	(100,791)	(122,101)
<i>Cash flow generated from operating activities</i>		
Income taxes paid	0	0
Interest paid/received	(299,207)	(131,519)
<b>Cash flow generated from operating activities (a)</b>	<b>6,265,608</b>	<b>3,140,754</b>
Net increase intangible assets	(1,280,687)	(2,715,904)
Net increase tangible assets	(352,119)	(119,020)
Cash flows from business combinations net of cash and cash equivalents	0	(4,411,753)
<b>Net cash flow used in investing activities (b)</b>	<b>(1,632,806)</b>	<b>(7,246,676)</b>
New financing	0	10,000,000
Repayment of loans	(45,076)	(1,131,144)
Finance lease payables	(1,543,038)	(759,308)
Payment of deferred fees for business combinations	(1,010,284)	(44,708)
Distribution dividends	0	0
Acquisition of treasury shares	(1,498,773)	0
<b>Net cash flow from financing activities (c)</b>	<b>(4,097,171)</b>	<b>8,064,841</b>
<b>Net increase/(decrease) in cash and cash equivalents a+b+c</b>	<b>535,633</b>	<b>3,958,919</b>

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Cash and cash equivalents at end of the period	18,777,844	15,795,279
Cash and cash equivalents at beginning of the period	18,242,212	11,836,360
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>535,633</b>	<b>3,958,919</b>

## ALTERNATIVE PERFORMANCE INDICATORS

In accordance with the ESMA recommendation on alternative performance measures (ESMA/2015/1415), as implemented by Consob Communication No. 0092543 at December 3, 2015, the Alternative Performance Measures used to monitor the Group's operating and financial performance are outlined below.

**EBITDA** - A non-GAAP measure used by the Group to measure performance. EBITDA is the sum of the net profit for the year, gross of taxes, financial income and expenses (including exchange gains and losses) and amortisation, depreciation and write-downs. EBITDA is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the determination criterion applied by the Company may not be homogeneous with that adopted by other groups and, therefore, the amount obtained by the Parent Company may not be comparable with that determined by the latter.

**EBITDA Margin** - measures the Group operating profitability as a percentage of consolidated revenues reported in the year and is defined as the ratio between EBITDA and Total revenues and operating income.

**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 year gross of taxes, financial income and expenses (including exchange gains and losses), amortisation, depreciation and write-downs and the effects of non-recurring transactions and of certain events and transactions which management considers as unrelated to the Group's operating performances.

With regards to Adjusted EBITDA, the Group states that the adjustment (which defines Adjusted EBITDA) was made for the purposes of reflecting the Group's operating performance, net of the effects of certain events and transactions. This adjustment on certain expenses was necessary for the improved comparability of the historic figures of the years under review, as such include cost items relating to company developments not concerning the normal operating management of the Group's business, mainly related to costs incurred to complete business combinations, such as M&A professional services costs.

The Group excludes from the Adjusted EBITDA calculation also non-recurring transactions, principally related to M&A costs, in order to improve the comparability of the Group's operating performance. Adjusted EBITDA is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the determination criterion applied by the Group may not be homogeneous with that adopted by other groups and, therefore, the amount obtained by the Group may not be comparable with the determined by the latter.

**Adjusted EBITDA Margin** - measures the Group operating profitability as a percentage of consolidated revenues reported in the year and is defined as the ratio between Adjusted EBITDA and Total revenues and operating income.

**EBIT** - A non-GAAP measure used by the Group to measure performance. EBIT is the sum of the net profit for the year, gross of taxes and financial income and expenses (including exchange gains and losses). EBIT is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the determination criterion applied by the Group may not be homogeneous with that adopted by other groups and, therefore, the amount obtained by the Group may not be comparable with the determined by the latter.

**EBIT Margin** - measures the earning capacity of Group sales. It is calculated as the ratio between EBIT and Total revenues and operating income.

**Adjusted EBIT** - A non-GAAP measure used by the Group to measure performance. Adjusted EBIT is calculated as the sum of the net profit for the year gross of taxes and financial income and expenses (including exchange gains and losses) and the effects of non-recurring transactions and of certain events and transactions which management considers as unrelated to the Group's operating performances.

With regards to Adjusted EBIT, the Group states that the adjustment (which defines Adjusted EBIT) was made for the purposes of reflecting the Group's operating performance, net of the effects of certain events and transactions. This adjustment on certain expenses was necessary for the improved comparability of the historic

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figures of the years under review, as such include cost items relating to company developments not concerning the normal operating management of the Group's business, mainly related to costs incurred to complete business combinations, such as M&A professional services costs and the amortisation of the intangible assets deriving from the Purchase Price Allocation of the acquisitions.

The Group excludes from the Adjusted EBIT calculation also non-recurring transactions, , principally related to M&A costs, in order to improve the comparability of the Group's operating performance.

**Adjusted EBIT Margin** - measures the earning capacity of Group sales. It is calculated as the ratio between Adjusted EBIT and Total revenues and operating income.

**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 M&A costs and amortisation and depreciation of intangible and tangible assets arising from the purchase price allocation conducted in reference to the acquisitions and the related tax effects.

**Net financial debt** – this is a valid measure of the Group's financial structure. It is calculated in accordance with Consob Communication DEM/6064293 of July 28, 2006 and in compliance with the ESMA indications in the "Guidelines on disclosure requirements under the Prospectus Regulation" (ESMA32-382-1138).

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