



ANNUAL ACCOUNTS 2020

Directors' Report

Company:	WiiT 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 2020 were again in line with our ambitious expectations and those of the financial community. We are particularly satisfied as they not only once again confirm the Group's **reliability** and the strength of our **strategy**, but also our organisation's **resilience** in the face of extraordinary events such as the ongoing global pandemic.

Revenues amounted to Euro **52 million** (Euro 34 million in 2019, **+54.9%**), driven by both organic growth in a constantly expanding cloud services market and the execution of our acquisition-led growth strategy.

In this latter regard, I recall with particular satisfaction - further to the acquisition of **Etaeria Srl** and of the **Aedera Srl** business unit at the beginning of 2020 - our first major European transaction with the acquisition of the **German myLoc Management IT AG** in Q4.

Consolidated Adjusted EBITDA was Euro **18.3 million** (Euro 13.2 million in 2019, **+38.8%**), a 34.8% revenue margin, with **Adjusted net profit** of **Euro 6.1 million**, up **8.7%** on Euro 5.6 million in 2019 (net of the "Patent Box" effect for Euro 1 million in 2019 referring to the 2015-2019 cumulative benefit).

The pro-forma figures highlight our ability to execute an acquisition-led growth strategy and our focus on delivering industrial synergies through the gradual integration of the acquired companies. The "pro-forma" **margin** was thus driven even higher - from 36.6% in 2019 to **37.7%** in 2020.

Despite the major uncertainties and concerns surrounding the social and economic repercussions of the COVID-19 pandemic, WIT's **business model**, centred on long-term orders and recurring revenues, has delivered **results in line with budget and a significant increase** on the previous year.

It is important to underline that organic growth has contributed considerably to these results, particularly thanks to the Group's focus on targetted **promotional campaigns**, mainly for **Smart-Working** and **Cyber Security** services.

We are also proud of the fact that the COVID-19 pandemic did not hinder the interweaving of **Sustainability** into the Group's **operations** that began in 2019 with the drawing up of our first **Sustainability Report**.

We published the Group **ESG Policy** in 2020, setting out our sustainability values and commitments and an **ESG Governance** model with ad hoc roles and responsibilities, while receiving our first **ESG Risk Rating** - a key tool to underscore the commitment of the Group to the **Sustainable Finance** community.

In February 2021, together with a Group of outside stakeholders, we set out the Group's **sustainability** objectives to **2030**, which demonstrate our contribution to achieving the United Nations' 2030 Agenda and its 17 Sustainable Development Goals. We are focusing on **18 objectives**, organised into the 5 pillars of our sustainability strategy: **We are the Cloud, Wiit4Data, Wiit4Climate, Wiit4Innovation and Wiit 4 People**, which are covered in the latest edition of our Sustainability Report and highlight our commitment to adopting a business model which increasingly integrates Sustainability.

In concluding my term of office, I wish to finally thank with all my heart the many people who have contributed to the success of our company. Firstly, I wish to thank our founder **Alessandro Cozzi**, to whom I am grateful for choosing me so many years ago to help bring to fruition this ambitious entrepreneurial project, for the trust shown in me over the years, for his vision and for setting extremely challenging objectives, which have always driven me to give my very best. I wish to thank all my **colleagues**, who are truly extraordinary people who over the years have demonstrated extremely high levels of professionalism, a sense of responsibility, teamwork and levels of humanity, while seeing them grow has indeed given me a sense of immense satisfaction. I wish to thank our **Customers**, who continue to renew their trust in us, with an appreciation for our Services, our commitment, our Values, building with us close and long-term working relationships. I wish to thank all of our **consultants**, whose professionalism and availability is an invaluable support and ensures the non-stop improvement of the organisation as a whole. Finally, I wish to thank our **financial** partners - and more in particular - you our **shareholders**, who have believed in our project and in the quality of governance. I wish to assure you that management always listens to your suggestions and always keeps close to heart the commitments made to you.

I have great **respect and confidence in the management** team and I am sure that they will successfully lead our **international expansion**, achieving even more extraordinary results in the coming years and offering further opportunities and satisfaction to all stakeholders.

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).

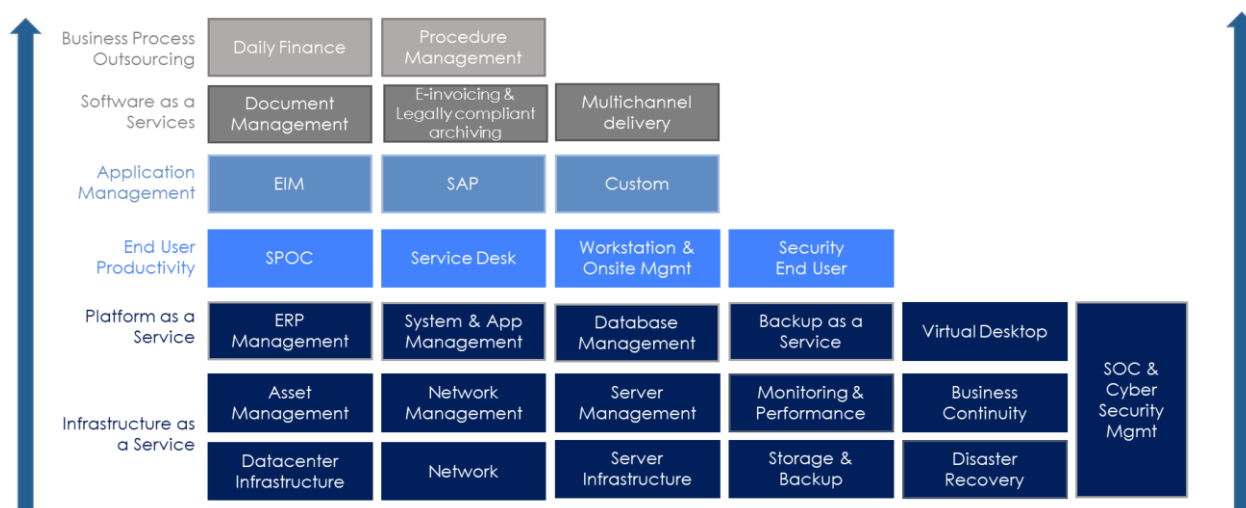
The company operates through two owned Data Centers, with the main Milan center TIER IV certified (maximum reliability level) by the Uptime Institute.

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
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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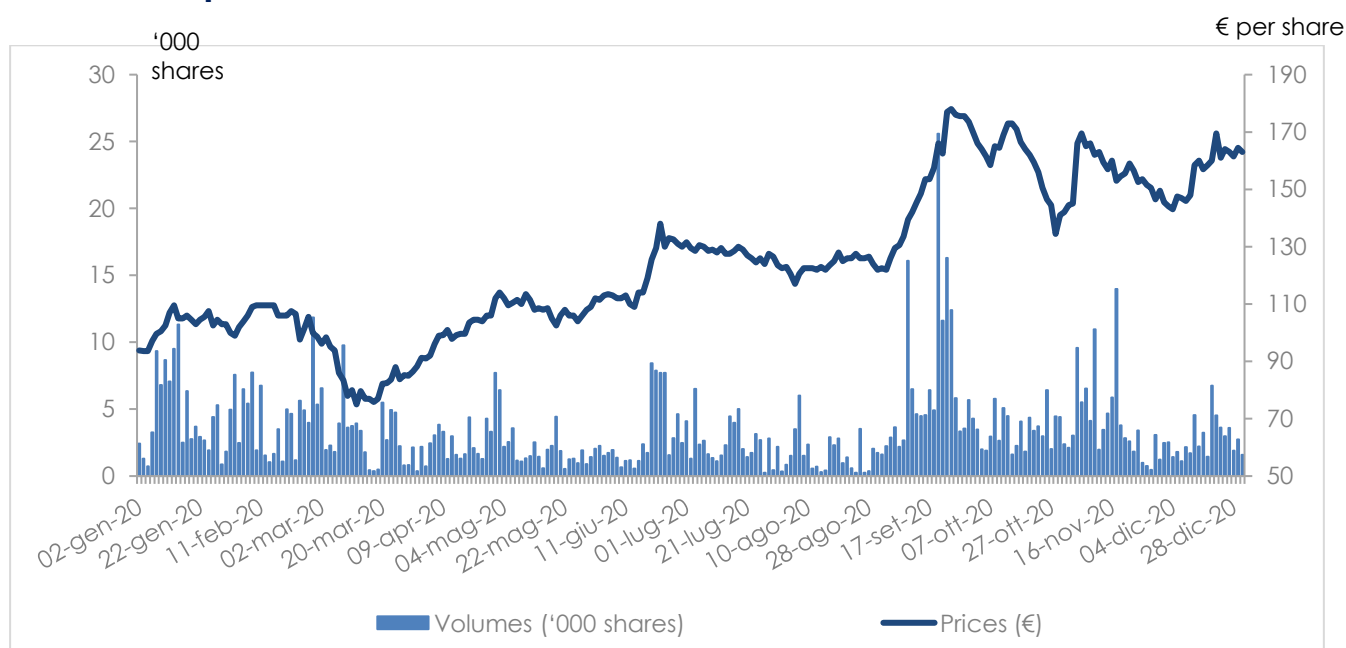
INDEPENDENT AUDIT FIRM	Deloitte & Touche S.p.A.
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Governance and significant events

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 has had the opportunity to 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 - 1.01.2020 – 31.12.2020



• Source Bloomberg

Etaeria and Aedera acquisitions

On January 15, 2020, WIIT S.p.A. signed agreements for:

- i) the gradual acquisition of 100% of the share capital of Etaeria S.p.A. ("Etaeria"), a Kelyan Group company providing cloud and cyber security services, in addition to the acquisition
- ii) 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 Euro 2.7 million, inclusive of a variable price component subject to the achieved 2019 full-year earnings objectives. The acquisition of the Etaeria shares also involved the payment of an advance of Euro 0.8 million 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 amount paid was equal to Euro 1.5 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 Unit

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.

Funding agreement

On January 7, 2020 the Parent Company signed a loan contract for a maximum Euro 40 million - then reduced to a maximum Euro 32.5 million with the amendment of September 17, 2020 - with a banking syndicate comprising Banca IMI S.p.A. (now Intesa Sanpaolo 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 June 30, 2026, of which a first drawdown of Euro 5 million was issued on January 9, 2020; (ii) a bullet credit line of a maximum Euro 15 million, with maturity of June 30, 2026, of which a first drawdown of Euro 5 million was issued on January 9, 2020; and (iii) an amortising credit line for a maximum Euro 10 million, with maturity of December 31, 2024, of which a first drawdown of Euro 2.5 million was issued on May 21, 2020 and with regards to which the parties, through the amendment of September 17, 2020, agreed to reduce the amount available to this amount, cancelling the residual; The same amendment included an additional loan (Line D) for a total of Euro 50 million, which the company entirely used to fund the full acquisition of MyLoc.
- 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 to be measured on a half-yearly basis;
- 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 (i) 5 million and (ii) 5 million was issued for a total of Euro 10 million.

On May 21, a tranche of loan (iii) was issued for Euro 2.5 million.

Simultaneously to signing the above loan contract, the parent company undertook IRS hedging derivatives on a notional amount of the loan of Euro 40 million, which fixes the overall variable rate for an amount of Euro 15 million at 1.85%, for Euro 15 million at 1.55% and for the residual Euro 10 million at 1.35%. The ineffective portion of the derivative relating to the line of credit restructured under the above amendment to the loan agreement, amounting to Euro 103 thousand, was recognised to the income statement.

Tax credit recognition

On May 4, 2020, the Parent 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 "Other revenues and income" account in the financial statements.

Acquisition of myLoc Managed IT AG

On September 19, WIIT S.p.A. signed an agreement for the purchase of 100% of the share capital of myLoc managed IT AG ("myLoc"), a German provider of cloud and colocation services for businesses and individuals. myLoc has a proprietary data center located in Düsseldorf, operates on the German market, providing colocation, managed hosting, private and public cloud and server hosting services.

myLoc's share capital was fully-held by Virtual Minds AG, a subsidiary of ProSiebenSat.1 Media SE.

The transaction closed on September 30, 2020, confirming the full acquisition of myLoc Managed IT AG.

The acquisition price was Euro 51 million, calculated according to the enterprise value of myLoc.

The Transaction's execution shall allow WIIT to: (i) develop international markets beginning with Germany; (ii) extend, step up and diversify the range of IT services provided and, in particular, the continuous hosted private and hybrid cloud services for business; (iii) implement the investment, growth and development strategy of the WIIT Group, which targets the expansion of its operations through organic growth through internal lines and by means of M&A's.

As outlined above, WIIT has agreed an amendment to the loan contract with the banking syndicate, Intesa Sanpaolo S.p.A. and Banco BPM S.p.A., to fund the transaction, in accordance with which an additional credit line (Line D) of a nominal Euro 50 million was disbursed. No IRS derivative contracts have been entered into on the latter line.



Current financial situation



Information

It is a process to achieve the company's goals and objectives.

Learn from the past, ensure the future, and reason the success.



DIRECTORS' REPORT

Dear Shareholders,

The net profit attributable to the Group in 2020 was Euro 2,473 thousand (Euro 5,250 thousand in 2019), after amortisation and depreciation of Euro 11,254 thousand and financial expenses of Euro 1,402 thousand. The previous year included overall tax income of Euro 258 thousand generated by patent box income of Euro 1,015 thousand.

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 2021.

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

The resurgence of infections since the autumn slowed global output at the end of 2020, particularly in the advanced countries. The launch of vaccination campaigns reflects favorably on the outlook for the medium term, although the timing and extent of the recovery remain uncertain.

The effects of the pandemic in the Eurozone on economic activity and on prices persisted longer than initially anticipated. The European Central Bank Governing Council broadened and lengthened its monetary stimulus to ensure favourable financial conditions for all sectors for as long as required, in order to ensure full support for the economy and inflation. It stands ready to recalibrate its available instruments again where necessary.

In Italy, higher-than-expected growth in the third quarter indicates the country's significant ability to recover. The second wave of the pandemic - as for other Eurozone countries - however resulted in a fresh contraction in Q4: on the basis of the available indicators, this drop is currently estimated at 3-5%, although a very high degree of uncertainty surrounds this estimate.

The decline in output was pronounced for services and marginal for manufacturing. In our surveys, business confidence has become less favourable, although remains far from the levels of pessimism in the first half of last year; businesses expect to expand their investment plans for 2021. According to the households interviewed by the Bank of Italy, fears of infection - more so than the restrictive measures - are impacting services consumption.

In the third quarter of 2020, Italian goods and services exports recovered very strongly - considerably outperforming the global average. This growth continued to a lesser extent in the autumn. Capital inflows and purchases of Italian government securities by non-residents resumed in the final months of last year. The Bank of Italy's TARGET2 balance improved. Thanks to an extended period of current account surplus, the net international investment position shifted into positive territory after thirty years of negative balances.

Consumer price changes remained negative, reflecting overall performance in the service sectors most affected by the crisis, which continue to suffer from a lack of demand. The inflation expectations of analysts and companies remain modest for the coming twelve months.

Announcements on vaccine availability, the additional monetary and budgetary support and the resolution of the uncertainty surrounding the US presidential elections have boosted the optimism of overseas and Italian financial market operators. The spread between ten-year Italian and German government bonds remains at levels lower than those observed before the pandemic. The financial markets however remain sensitive to developments regarding the pandemic.

The information is drawn from Economic Bulletin No. 1 – 2021 published by the Bank of Italy.

Demand and macro-market development

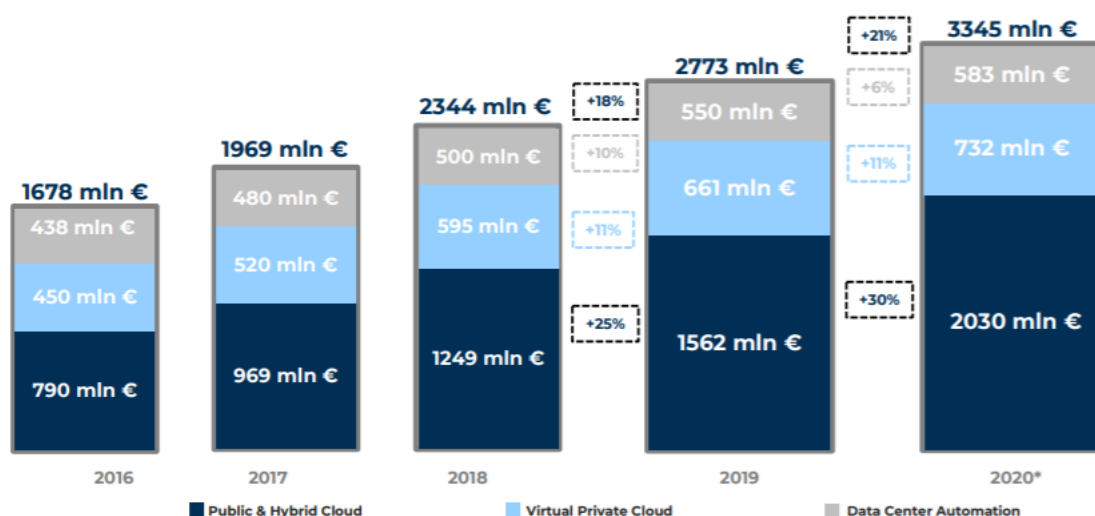
The Group's main market is ICT services, and specifically cloud computing.

In drafting this paragraph, the Parent Company, Wiit S.p.A., drew on information taken primarily from the Assiform Report "Digital in Italy – 2020: Digital sector has allowed us to fight back and is the key to relaunching". Some information was extracted from the October 2020 Polytechnic Monitoring Centre Report entitled "a step change due to the emergency, but the real challenge is now!".

2020 has been a breakthrough year for the Cloud: the COVID-19 healthcare emergency

has disrupted the dynamics of the Italian market, marking a step change in its adoption and mainly centring on remote working support services.

The role of digital technologies within processes, in the interaction between employees and for the relationship with customers, has become central. This has been shaped by the profound change to how we work as a result of the emergency.

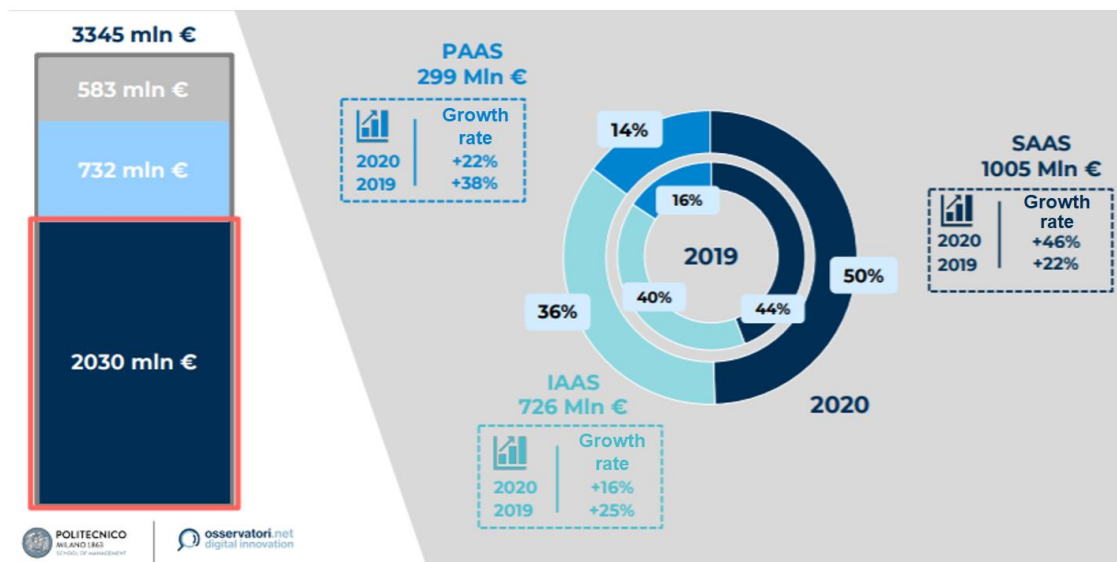


Graph 1- The cloud in Italy. 2020 Polytechnic Monitoring Centre Cloud Report

According to the Milan Polytechnic's estimates, in 2020 the Italian Cloud market is now worth Euro 3.34 billion, up 21% on 2019 (Euro 2.77 billion).

The Public & Hybrid Cloud component confirmed its disruptive influence (+30% on 2019) compared with the global market, which according to international analysts, for IaaS, PaaS and SaaS services were up 8% to slightly over USD 198 billion.

The other Cloud, Virtual & Hosted Private Cloud market components performed well (+11%), worth Euro 732 million, while Datacenter Automation saw a slowdown, growing 6% over 2019 (Euro 583 million).



Graph 2 - Breakdown of cloud services. Source: 2020 Polytechnic Monitoring Centre Cloud Report

The emergency has focused businesses on responding to the crisis, adopting ready-to-use services in the Public Cloud and scaling existing resources in public and private Cloud environments. However, strategic plans to migrate to and modernise the on-premises world, with the goal of creating a hybrid, interconnected infrastructure environment, have been momentarily shelved, at least for the initial part of the year.

The SaaS services of Collaboration and Document Management, Media, Project Management and Agile, Office Automation, E-mail and Registered E-mail, B2C Portals and eCommerce services however have seen growth in excess of 50%.

The Analytics SaaS services also performed well, driven by the Artificial Intelligence component: automation has become even more central during the emergency, speeding up ongoing projects and imagining new scenarios, thanks to the adoption of ready-to-use services in the Cloud with a tactical approach of initial testing, to then drive forward with the designing of ad hoc solutions.

These developments were behind a boom for the SaaS market, which today accounts for 50% of total Public & Hybrid Cloud spend.

Looking to the PaaS component, which was up 22% over 2019 and accounts for 14% of the mix, growth has been driven by Big Data Analytics-enabled capabilities and

integration development environments alongside the increase in online activity, and therefore the volume of data generated by customers and users of companies across all industries, in addition to the need to interconnect processes and monitor them.

Finally, within the IaaS landscape, which grew 16% on the previous year to account for 36% of overall Public & Hybrid Cloud spend, the best performing services are the Virtual Machines for production environments, which saw a significant increase for certain types of workloads due to the emergency, and Container Management, driven by the desire to simplify and automate infrastructural management.

Italian Cloud Computing Market, 2015-2020E

Source: NetConsulting cube, 2018

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%	28.0%	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%

Italian Cloud Computing Market by sector, 2015-2020E

Source: NetConsulting cube, 2018

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%
Healthcare	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	2,784.3	3,366.4	23.0%	23.3%	22.6%	22.0%	20.9%

With regards in particular to the Italian SME market - which historically lags behind large enterprises - the health emergency drove a significant increase in Cloud adoption, which in 2020 was 42%, compared to 30% in 2019 and substantially stable in the preceding years.

This significant growth was largely due to the effects of the pandemic: the Cloud is an effective response to the need for remote working, by speeding up the digitalisation of collaborative processes and flows.

The opportunities generated by the cloud are even clearer today in light of the reaction to the crisis, which at many companies has entirely hinged on the now extensive and consolidated Cloud offer. For more than half of SME's using the Cloud, it has kept the business operational and customer relationships alive. This translates into increased awareness: in fact, for 43% of SME's using cloud services, the Cloud is the preferred sourcing model for all new initiatives, and for a further 18% it is even a must-have.

Against these positive signs, concerns remain regarding data safety, network unreliability, operating complexity and the lack of Cloud expertise. In fact, 55% of SME's using the Cloud prefer the in-house management of technologies.

Marketing Communication & Brand Positioning

During 2020, following the COVID-19 outbreak, the company adapted its marketing strategy, refocusing investment on boosting the WIIT brand's visibility and generating new business opportunities, working exclusively through the digital and online channels. In terms of brand management, the Company continued to roll out multichannel advertising campaigns to reach the decision-makers at WIIT's target clients. Investments in offline visibility were therefore suspended, such as for example adverts on the LCD screens at the domestic and European departures areas at Milan Linate and Milan Malpensa, due to the complete suspension of flights in Italy and on international routes, favouring therefore presence and communication through all the main business-oriented social media channels such as LinkedIn, Twitter and Youtube. The public relations department and press office have instead continued to support 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. In order to support businesses who due to the economic impact of the COVID-19 pandemic needed to quickly launch digital transformation processes (e.g. for Smart Working as a Service or Cyber Security as a Service), Wiit introduced the "Show your Wit" initiative in which all the design activities to launch services are undertaken by Wiit.

The Inbound Marketing project of the previous year was confirmed again in 2020 and extended to cover the new and further enhanced Smart Working as a Service (SWaaS) and Cyber Security as a Service (CSaaS) services. 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 objective of the project is to expand and develop, among the management of the Italian companies, the culture and knowledge of the Cloud dedicated to strategic business applications and the new enhanced SWaaS and CSaaS services in support of digital transformation and process security, through the description of the best practices applied by WIIT.

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.

During the year, the company participated in a number of events digitally, such as for example the Digital 360 Awards, where Wiit won for the second time with the “Intelligent Security Awareness” Cybersecurity solution. The SAP Now annual event dedicated to customers/potential customers of the SAP platform however was not held.

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). At the end of 2020 and throughout 2021, Wiit will again be part of the Cloud Monitoring Centre and has joined the new Cyber Security Monitoring Centre dedicated to initiatives to secure critical and non-critical business processes.

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 / indirect subsidiaries and Group holdings

At December 31, 2020, the WIIT Group comprised seven 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 - Bleicheweg 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 Frasheri, building 8, Tirana, an Albanian registered company, wholly-owned by the subsidiary Adelante S.r.l.
- 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%.
- vi) Etaeria S.p.A., a joint stock company incorporated in Italy, with registered office at Via XX Settembre 17, 10121 Turin, held 60%.
- vii) myLoc managed IT AG, a German company with registered office in Düsseldorf Gatherhof 44 - 40472 Germany, wholly-owned.

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

Etaeria is engaged in IT services on the indirect market. It therefore works with channel partners, normally Telcos, System Integrators and Software Houses, providing industrialised services in the following business areas:

- 1) Infrastructure services in cloud and multicloud mode in own or partner data centers and on-premises
- 2) Cyber-security services including SOC activities and management of key security technologies
- 3) Professional pre-sales, analysis, installation and configuration services, Level I and II customer support, monitoring and other specialised services on behalf of their channel partners.

The adopted business model provides:

- Recurring, stratified revenues

The distinctive element of the model on which the company's strategy is based is the provision of infrastructural services designed to guarantee, to a large extent, recurring and multi-year sources of revenue or consumption revenues and, to a lesser extent, "impulsive" revenues from the sale of hardware and software or from consulting services that have a tactical value. In addition, many services are designed to be competitive at the outset of the relationship with each channel partner, while then generating increasing margins as contractual consistency and relative consumption increases, thanks to certain overbooking methods adopted.

- Distinctive value transfer to the partner

In order to boost channel loyalty, increasing reciprocal business and thereby improving contractual consistency, the partnership takes a particular form, making available a number of services such as presales, assistance in the field, personnel training at partners, the organisation of joint events with end customers and the adoption of tools designed to simplify and speed up the partner's sales process. All services are designed to ensure the partner's marketplace competitiveness and a model delivering improved margins as the business grows.

- Containment of operating and personnel costs

All services (Service Elements) are industrialised and designed to be included in the partner's offer (having been trained and organised) who then leverages the support of Etaeria staff in a shared and on-demand mode. Workgroups are organised and trained to deliver the service in a multi-partner mode using tools that allow support to be given on a few-to-many basis. This allows a small amount of staff to work on dozens of new opportunities every week and to support partners on thousands of end customers.

myLoc is a German cloud provider delivering services through 6 DC's on campus within the metropolitan area of Düsseldorf - Germany. The company's primary businesses are:

- 1) **Colocation:** myLoc provides cost-effective off-shoring of hardware in a highly secure and certified location that includes power and air conditioning costs. Standard and custom-built solutions are provided, ranging from extremely small requirements (fractions of a rack) to entire dedicated areas. The offer also includes the ability to have secure, high-performance internet bandwidth, all provided 24/7.
- 2) **Managed Hosting:** this service outsources for customers IT infrastructure management and hosting. The company offers the customer dedicated servers, associated components and manages both the hardware and the operating system. Specifically, the service includes installation, configuration of custom hardware, system maintenance and monitoring and the execution of necessary patches.
- 3) **Standardised Hosting:** retail market service with a focus on standardisation and automation. An IaaS marketplace is offered with several thousand possible configurations where the end customer independently builds the type of service they need entirely in a self-service paradigm.

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. Differing from myLoc and the parent company, Adelante, Matika and Etaeria have adopted a 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 customer portfolios of the targets. 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), 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.

Total adjusted revenues and operating income - A non-GAAP measure used by the Group to measure performance. *Total adjusted operating revenues and income* is calculated as Total operating revenues and income as per the income statement, in accordance with IFRS, less the non-recurring item regarding the tax credit classified to "Other revenues and income". Total adjusted revenues and operating income 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.

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, in order to improve the comparability of the Group's operating performance over the three years, principally related to the tax credit received relating to consultancy costs incurred for the listing on the regulated market and M&A costs. 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 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, in order to improve the comparability of the Group's operating performance over the three years, principally related to the tax credit received relating to consultancy costs incurred for the listing on the regulated market.

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. The adjusted net result is calculated as the net profit or loss for the year, gross of merger & acquisition costs and amortisation of intangible assets arising from the purchase price allocation conducted in reference to the acquisitions and the related tax effects.

Net working capital - a measure which is useful to calculate the total assets and liabilities necessary for the Group to carry out its ordinary operations. This is calculated as the sum of "Inventories", "Trade receivables", "Trade receivables from associates", "Current financial assets", "Current assets deriving from contracts", "Other receivables and other current assets", "Trade payables", "Payables to associates", "Current liabilities deriving from contracts", "Other current payables and liabilities", "Current tax liabilities".

Net capital employed - a measure which is useful to calculate the total assets and liabilities necessary for the Group to carry out its ordinary operations. It is calculated as the sum of Net Fixed Assets, Net Working Capital, Other Medium-Long-Term Assets and Other Medium-Long-Term Liabilities.

Net financial debt – this is a valid measure of the Group's financial structure. It is calculated in accordance with the provisions of Consob Communication DEM/6064293 of July 28, 2006 and in compliance with the ESMA/2013/319 recommendations.

Operating results and financial position

Group operating performance

The past financial year was extremely positive for your company and the Group.

The 2020 reclassified consolidated income statement of the Group is compared below with the previous year (in Euro):

	2020 Consolidated	2019 Consolidated	2020 Adjusted Consolidated	2019 Adjusted Consolidated
Revenues and operating income	52,946,847	33,911,458	52,543,798	33,911,458
Purchases and services	(24,966,310)	(15,237,262)	(22,544,488)	(14,174,533)
Personnel costs	(10,456,285)	(6,228,704)	(10,456,285)	(6,228,704)
Other costs and operating charges	(1,227,659)	(381,993)	(1,227,659)	(381,993)
Change in inventories	(10,223)	65,913	(10,223)	65,913
EBITDA	16,286,370	12,129,411	18,305,143	13,192,141
EBITDA Margin	30.8%	35.8%	34.8%	38.9%
Amortisation, depreciation & write-downs	(11,254,917)	(6,903,267)	(9,255,716)	(6,392,512)
EBIT	5,031,453	5,226,145	9,049,428	6,799,629
EBIT Margin	9.5%	15.4%	17.2%	20.1%
Financial income and charges	(1,405,661)	(234,497)	(1,405,661)	(234,497)
Income taxes	(1,152,704)	258,383	(1,554,501)	84,001
Net profit	2,473,089	5,250,031	6,089,266	6,649,133

Total Adjusted revenues and operating income amounted to Euro 52.5 million, up 54.9% from Euro 33.9 million in 2019. The total excludes the tax credit of Euro 403 thousand obtained in the year and relating to the STAR market listing costs. This strong performance reflects, in addition to acquisition-led growth, 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, which also contributed to generating good organic growth.

Operating costs totalled Euro 36.7 million, compared to Euro 21.8 million in 2019 (+67.8%) and in particular:

- service costs were approx. Euro 25 million (+59%);
- personnel costs were Euro 10.5 million (+67.9%);
- other costs and operating charges amounted to approx. Euro 1.2 million (+221%)
- capitalised costs – primarily associated with personnel involved in development projects for proprietary software platforms – amounted to Euro 1.0 million (+47%).

The increase in costs is related to the Group's growth from an organic viewpoint and through acquisitions.

Adjusted EBITDA was Euro 18.3 million, up 38.8% on 2019 (Euro 13.2 million). This growth stems from the above-stated acquisition-led growth strategy undertaken by the Group over recent years and which in 2020 saw the acquisitions made in the previous year come fully on stream, in addition to those made during the year for the relative period. The Group also grew organically thanks to the concentration on Cloud services, the degree of optimisation of process and operating services organisation, cost synergies, and the ongoing improvement in the margin of acquirees; the Adjusted EBITDA revenue margin was 34.8% (38.9% in 2019). The slight fall in margins, which nevertheless remain at very high levels, is primarily linked to the higher overheads to support the growth through acquisitions expected to be undertaken in the near future.

Adjusted EBIT was Euro 9.0 million, compared to Euro 6.8 million in 2019 (+33.0%). The Adjusted EBIT margin was 17.2%, despite the increase in amortisation and depreciation of Euro 9.3 million (Euro 6.4 million in the previous year), mainly due to the acquisitions made in this and the previous year (these latter fully on stream in 2020).

Income taxes in 2020 report a charge of Euro 1.2 million, compared to net tax income of Euro 258 thousand. The pending "Patent Box" benefit was not recognised in 2020. In the previous year, a benefit of approx. Euro 1 million was considered, related to fiscal years 2015 to 2019.

The Group Adjusted Net Profit was Euro 6.1 million, compared to Euro 6.6 million in 2019. This result reflects the investments made in the year and the coming on stream of those made in the previous year, particularly with regards to the IFRS allocations. In 2020 "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 table below shows total revenues and operating income, EBITDA and pre-tax profit (reconciled in the following table).

	2020 Consolidated	2019 Consolidated	2020 Adjusted Consolidated	2019 Adjusted Consolidated
Total revenues and operating income	52,946,847	33,911,458	52,543,798	33,911,458
EBITDA	16,286,370	12,129,411	18,305,143	13,192,141
EBIT	5,031,453	5,226,144	9,049,428	6,799,629
Net Profit	2,473,089	5,250,031	6,089,266	6,649,133

Consolidated adjusted EBITDA was up 38.8% on 2019, with a 34.8% 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.

The reconciliation between the Net Result and EBITDA and Adjusted EBITDA for 2020 and 2019 are presented below:

Year ended December 31	2020	% of Total revenues and operating income	2019	% of Total revenues and operating income
Net profit	2,473,089	4.67%	5,250,031	15.48%
Income taxes	1,152,704	2.18%	(258,383)	(0.76%)
Financial income	(37,318)	-0.07%	(244,745)	(0.72%)
Financial expenses	1,402,698	2.65%	439,221	1.30%
Exchange gains/(losses)	40,280	0.08%	40,021	0.12%
Amortisation and depreciation	11,254,917	21.26%	6,903,267	20.36%
EBITDA	16,286,370	30.76%	12,129,411	35.77%
M&A professional services costs ⁽ⁱ⁾	2,421,822	4.57%	243,891	0.72%
Costs for translisting to MTA ⁽ⁱⁱ⁾			818,838	2.41%
MTA listing tax credits ⁽ⁱⁱⁱ⁾	(403,049)	(0.76%)	0	
Adjusted EBITDA	18,305,143	34.57%	13,192,141	38.90%

- (i) In 2020, the Group reported M&A professional services costs for the acquisition of Etaeria Spa and of the Azienda Aedera Srl business unit of Euro 302 thousand and for the acquisition of myLoc Managed IT AG of Euro 2,120 thousand. The Group's M&A professional services costs in 2019 concerned the acquisition of Matika SpA. These costs were recognised as the "Purchase of other services from third parties" in the "Purchases and services" account.
- (ii) In 2019, the Group reported legal and professional consultancy costs for the transfer to the STAR segment of the Italian Stock Exchange. These costs were recognised as the "Purchase of other services from third parties" in the "Purchases and services" account.
- (iii) In 2020, the Group recognised a tax credit concerning the non-recurring costs incurred for the transfer to the MTA market in the previous year. This income was recognised to the "Other revenues and income" account.

The reconciliation between the Net Result and EBIT and Adjusted EBIT for 2020 and 2019 are presented below:

	2020	% of Total revenues and operating income	2019	% of Total revenues and operating income
Net profit	2,473,089	4.67%	5,250,031	15.48%
Income taxes	1,152,704	2.18%	(258,383)	(0.76%)
Financial income	(37,318)	(0.07%)	(244,745)	(0.72%)
Financial expenses	1,402,698	2.65%	439,221	1.30%
Exchange gains/(losses)	40,280	0.08%	40,021	0.12%
EBIT	5,031,453	9.50%	5,226,144	15.41%
M&A professional services costs ⁽ⁱ⁾	2,421,822	4.57%	243,891	0.72%
Costs for translisting to MTA ⁽ⁱⁱ⁾	0	0.00%	818,838	2.41%
MTA listing tax credits ⁽ⁱⁱⁱ⁾	(403,049)	(0.76%)	0	0.00%
Amortisation Customer list from PPA ^(iv)	1,158,933	2.19%	510,755	1.51%
Amortisation Data Center & platform from PPA ^(v)	840,268	1.59%	0	0.00%
Adjusted EBIT	9,049,428	17.09%	6,799,629	20.05%

- (i) In 2020, the Group reported M&A professional services costs for the acquisition of Etaeria Spa and of the Azienda Aedera Srl business unit of Euro 302 thousand and for the acquisition of myLoc Managed IT AG of Euro 2,120 thousand. These costs were recognised as the "Purchase of other services from third parties" in the "Purchases and services" account. The Group's M&A professional services costs in 2019 concerned the acquisition of Matika SpA. These costs are recognised to "Legal and consulting costs" in the "Purchases and services" account.
- (ii) In 2019, the Group reported legal and professional consultancy costs for the transfer to the STAR segment of the Italian Stock Exchange. These costs were recognised as the "Purchase of other services from third parties" in the "Purchases and services" account.
- (iii) In 2020, the Group recognised a tax credit concerning the non-recurring costs incurred for the transfer to the MTA market in the previous year. This income was recognised to the "Other revenues and income" account.
- (iv) In 2020, the Group recorded amortisation for the customer list recognised following the Purchase Price Allocation: for Euro 210 thousand concerning Adelante, for Euro 301 thousand Matika, for Euro 159 thousand Etaeria and for Euro 488 thousand MyLoc. These refer to non-recurring investments that do not require additional investments. In 2019, the Group recorded amortisation for the customer list recognised following the Purchase Price Allocation of Adelante for Euro 210 thousand and Matika for Euro 301 thousand. This amortisation was recognised to the "Amortisation, depreciation and write-downs" account.
- (v) In 2020, the Group recorded amortisation relating to the Data Center acquired as part of the Purchase Price Allocation (provisional) of MyLoc for Euro 68 thousand and amortisation of the Digital platform for Euro 156 thousand. This

amortisation was recognised to the “Amortisation, depreciation and write-downs” account.

The reconciliation between the Net Result and the Adjusted Net Result for 2020 and 2019 is presented below:

Year ended December 31	2020	% of Total revenues and operating income	2019	% of Total revenues and operating income
Net profit	2,473,089	4.67%	5,250,031	15.48%
M&A professional services costs ⁽ⁱ⁾	2,421,822	4.57%	243,891	0.72%
Costs for translisting to MTA ⁽ⁱⁱ⁾	0	0.00%	818,838	2.41%
MTA listing tax credits ⁽ⁱⁱⁱ⁾	(403,049)	-0.76%	0	0.00%
Amortisation Customer list from PPA ^(iv)	1,158,933	2.19%	510,755	1.51%
Amortisation Data Center and platform ^(v)	840,268	1.59%	0	0.00%
Tax effects of reconciled items	(401,797)	-0.76%	(174,383)	-0.51%
Adjusted Net Profit	6,089,266	11.50%	6,649,133	19.61%

- (i) In 2020, the Group reported M&A professional services costs for the acquisition of Etaeria Spa and of the Azienda Aedera Srl business unit of Euro 302 thousand and for the acquisition of myLoc Managed IT AG of Euro 2,120 thousand. These costs were recognised as the “Purchase of other services from third parties” in the “Purchases and services” account. The Group's M&A professional services costs in 2019 concerned the acquisition of Matika SpA. These costs are recognised to “Legal and consulting costs” in the “Purchases and services” account.
- (ii) In 2019, the Group reported legal and professional consultancy costs for the transfer to the STAR segment of the Italian Stock Exchange. These costs were recognised as the “Purchase of other services from third parties” in the “Purchases and services” account.
- (iii) In 2020, the Group recognised a tax credit concerning the non-recurring costs incurred for the transfer to the MTA market in the previous year. This income was recognised to the “Other revenues and income” account.
- (iv) In 2020, the Group recorded amortisation for the customer list recognised following the Purchase Price Allocation: for Euro 210 thousand concerning Adelante, for Euro 301 thousand Matika, for Euro 159 thousand Etaeria and for Euro 488 thousand MyLoc. These refer to non-recurring investments that do not require additional investments. In 2019, the Group recorded amortisation for the customer list recognised following the Purchase Price Allocation of Adelante for Euro 210 thousand and Matika for Euro 301 thousand. This amortisation was recognised to the “Amortisation, depreciation and write-downs” account.

- (v) In 2020, the Group recorded amortisation relating to the Data Center acquired as part of the Purchase Price Allocation (provisional) of MyLoc for Euro 684 thousand and amortisation of the Digital platform for Euro 156 thousand. This amortisation was recognised to the "Amortisation, depreciation and write-downs" account.

The table below illustrates some of the performance indicators compared to previous years. The indicators are calculated on the basis of the consolidated financial statements.

Ratio	Formula	2020 Consolidated	2019 Consolidated	2020 Adjusted Consolidated	2019 Adjusted Consolidated
ROE	Net Result / Group Net Equity	16.36%	25.41%	32.50%	30.14%
ROI	EBIT / Total Assets	3.30%	7.21%	5.94%	9.38%
ROS	EBIT / Total revenues and operating income	9.50%	15.41%	17.22%	20.05%

Group balance sheet and financial position

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

Euro thousands	31/12/2020	31/12/2019
Net Fixed Assets ⁽ⁱ⁾	120,401	50,070
Net Working Capital ⁽ⁱⁱ⁾	510	627
Other medium/long-term assets ⁽ⁱⁱⁱ⁾	1,427	1,168
Other medium/long-term liabilities ^(iv)	(11,915)	(5,716)
Net capital employed	110,422	46,150
Net financial debt	(95,304)	(25,489)
Group Shareholders' Equity	15,119	20,661

Reference should be made to the Group's consolidated financial statements.

- (i) The account is calculated as the sum of "Other intangible assets", "Goodwill", "Property, plant and equipment", "Other tangible assets", "Rights-of-use", "Equity investments and other non-current financial assets".
- (ii) The account is calculated as the sum of "Inventories", "Trade receivables", "Trade receivables from associates", "Current financial assets", "Current assets deriving from contracts", "Other receivables and other current assets", "Trade payables", "Payables to associates", "Current liabilities deriving from contracts", "Other current payables and liabilities", "Current tax liabilities".
- (iii) This account includes: "Other non-current assets deriving from contracts" and "Deferred tax assets"
- (iv) The account includes: Deferred tax liabilities, employee benefits and non-current liabilities deriving from contracts

Net capital employed

Non-current assets primarily comprise goodwill of Euro 56.7 million, recognised on business combinations, intangible assets of Euro 29.1 million, primarily business lists and software, the right-of-use, primarily for property leases, of Euro 5.7 million, plant and machinery of Euro 2.4 million, other tangible assets of Euro 23 million, deferred tax assets of Euro 1.2 million and receivables and other non-current assets of Euro 0.52 million.

Net working capital remains at very low levels, primarily due to the excellent management of average payment times which, despite the growth in revenues, managed to contain the increase in receivables and offset it with the increase in trade payables. The increase in receivables at Group level is in fact less than proportional to the increase in revenues with regards to the parent company Wiit S.p.A., as the average payment times of the subsidiaries are even better than those of the parent company. The increase in medium/long-term liabilities is, on the other hand, related to the increase in deferred taxes arising from the capital gains allocated according to the process under IFRS 3.

Net financial debt

The increase in net financial debt is primarily due to new loans obtained to fund the acquisitions, in particular that of myLoc. New loans obtained in the year amounted to approx. Euro 70 million. The increase in other financial liabilities, primarily due to the acquisition of Etaeria, in terms of both the residual capital (40%) and earn-outs, also contributed to the higher net debt. This account also includes payables for "Derivative" financial instruments of Euro 870 thousand. The increase in payables to other lenders is attributable to the company myLoc.

Reference should be made to the table below for further information on the net financial debt.

	31/12/2020 Consolidated	31/12/2019 Consolidated
Current financial assets	13,482	0
Cash and cash equivalents	18,242,212	11,836,359
Cash and cash equivalents	18,255,694	11,836,359
Payables to other lenders	(6,517,799)	(4,000,234)
Short-term bank payables	(3,885,074)	(5,443,457)
Other current financial liabilities	(8,124,085)	(1,479,663)
Short-term financial payables	(18,526,958)	(10,923,354)
Net financial debt - short-term	(271,264)	913,005
Other non-current financial assets	306,533	291,779
Payables to other lenders	(11,409,366)	(6,611,209)
Bank payables	(72,984,366)	(7,192,300)
Other non-current financial liabilities	(10,945,144)	(12,890,437)
Net financial debt - medium/long-term	(95,032,343)	(26,402,167)
Net financial debt - short & long-term	(95,303,607)	(25,489,162)
- Lease payables IFRS 16 (current)	1,833,287	1,239,369
- Lease payables IFRS 16 (non-current)	7,174,990	4,231,069
Net financial debt - short & long-term excluding IFRS16 impact	(86,295,330)	(20,018,724)

Consolidated shareholders' equity was Euro 15.1 million, compared to Euro 20.7 million at December 31, 2019. The decrease related to the net profit, which was more than offset by the distribution of dividends in the year and the purchase of treasury shares.

Cash flows

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

CONSOLIDATED CASH FLOW STATEMENT	2020	2019
Net profit from continuing operations	2,473,089	5,250,031
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	11,254,917	6,903,267
Financial assets adjustments	(29,497)	7,200
Change in employee benefits	459,751	118,387
Increase (decrease) provisions for risks and charges	(159,693)	0
Financial expenses	1,404,281	439,221
Income taxes	1,152,704	(258,383)
Other non-cash changes (deferred tax assets/liabilities)	(654,808)	(116,430)
Cash flow generated from operating activities before working capital changes	15,900,743	12,343,293
<i>Changes in current assets and liabilities:</i>		
Decrease (increase) in inventories	9,492	(65,912)
Decrease (increase) in trade receivables	(416,801)	338,578
Decrease (increase) in tax receivables	13,066	0
Increase (decrease) in trade payables	37,605	(431,625)
Increase (decrease) in tax payables	(692,024)	(345,740)
Decrease (increase) other current assets	369,025	115,133
Increase (decrease) in current liabilities	831,721	784,717
Decrease (increase) in other non-current assets	(14,754)	50,454
Increase (decrease) in other non-current liabilities	(434,858)	2,109
Decrease (increase) in assets deriving from contracts	269,325	329,904
Increase (decrease) in liabilities deriving from contracts	(488,404)	(765,604)
<i>Cash flow generated from operating activities</i>		
Income taxes paid	(809,032)	(847,332)
Interest paid/received	(975,171)	(288,394)
Net cash flow generated from operating activities (a)	13,599,934	11,219,581
Net increase intangible assets	(3,966,263)	(1,617,498)
Net increase tangible assets	(3,159,303)	(3,957,512)
Cash flows from business combinations net of cash and cash equivalents	(53,047,722)	(3,480,722)
Net cash flow used in investing activities (b)	(60,173,288)	(9,055,732)
New financing	69,637,500	7,000,000
Repayment of loans	(5,632,918)	(4,680,798)
Finance lease payables	(2,133,427)	(2,530,199)
Payment of deferred fees for business combinations	(844,710)	(1,410,000)
Distribution dividends	(4,111,159)	(2,328,575)
Acquisition of treasury shares	(3,936,082)	(4,308,026)
Net cash flow from financing activities (c)	52,979,205	(8,257,598)
Net increase/(decrease) in cash and cash equivalents a+b+c	6,405,852	(6,093,749)
Cash and cash equivalents at end of year	18,242,211	11,836,359
Cash and cash equivalents at beginning of year	11,836,359	17,930,107
Net increase/(decrease) in cash and cash equivalents	6,405,852	(6,093,749)

Parent company operating performance

Total revenues and operating income amounted to Euro 26.1 million, up from Euro 22.5 million in 2019 (+16.1%).

Net of internal capitalisations, operating costs were Euro 17.1 million compared to Euro 13.6 million in 2019 (+26.1%), and in further detail:

service costs were approx. Euro 11.7 million (+29.7%);

personnel costs were Euro 5 million (+16.4%);

capitalised costs – primarily associated with personnel involved in development projects for proprietary software platforms – amounted to Euro 1.0 million (+47%).

EBITDA totalled Euro 9 million, growth of 0.9% on 2019 (Euro 8.9 million). The EBITDA margin was 34.5%, compared to 39.7% in 2019.

Amortisation and depreciation amounted to Euro 7.2 million, compared to Euro 5.9 million in the previous year.

EBIT was Euro 1.8 million, a decrease of 42.7% on 2019 (Euro 3.1 million). The EBIT margin was 6.78%, compared to 13.72% in 2019.

Income taxes in 2020 report a charge of Euro 2.5 million, compared to net tax income of Euro 0.8 million in the previous year, in which the patent box benefits were recognised. The net profit was Euro 4.8 million, compared with Euro 6.2 million in 2019.

The 2020 reclassified separate income statement of the company is compared below with the previous year (in Euro):

	2020	2019
Total revenues and operating income	26,123,111	22,502,281
Purchases and services	(11,685,617)	(9,012,934)
Personnel costs	(4,954,883)	(4,257,374)
Other costs and operating charges	(460,695)	(293,183)
Change Inventories of raw mat., consumables and goods	0	0
EBITDA	9,021,916	8,938,791
<i>EBITDA Margin</i>	34.54%	39.72%
Amortisation, depreciation & write-downs	(7,252,064)	(5,851,714)
EBIT	1,769,852	3,087,077
<i>EBIT Margin</i>	6.78%	13.72%
Financial income and charges (b)	3,337,531	2,345,528
Income taxes	(259,395)	807,909
NET PROFIT	4,847,988	6,240,515

The table below illustrates some of the performance indicators compared to previous years. The indicators are calculated on the basis of the parent company financial statements:

Contents	Formula	2020	2019
ROE	Net Result / Group Net Equity	29.09%	32.08%
ROI	EBIT / Total Assets	1.42%	5.11%
ROS	EBIT / Total revenues and operating income	6.78%	13.72%

Parent Company equity and financial performance

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

In thousands of Euro	31/12/2020	31/12/2019
Net Fixed Assets ⁽ⁱ⁾	100,159	43,065
Net Working Capital ⁽ⁱⁱ⁾	3,548	1,978
Other medium/long-term assets ⁽ⁱⁱⁱ⁾	1,038	1,009
Other medium/long-term liabilities ^(iv)	(2,773)	(2,246)
Net capital employed	101,972	43,806
Net financial debt	(85,308)	(24,352)
Shareholders' Equity	16,664	19,454

Reference should be made to the parent company financial statements:

- (i) The account is calculated as the sum of "Other intangible assets", "Goodwill", "Property, plant and equipment", "Other tangible assets", "Rights-of-use", "Equity investments and other non-current financial assets".
- (ii) The account is calculated as the sum of "Inventories", "Trade receivables", "Trade receivables from associates", "Current financial assets", "Current assets deriving from contracts", "Other receivables and other current assets", "Trade payables", "Payables to associates", "Current liabilities deriving from contracts", "Other current payables and liabilities", "Current tax liabilities".
- (iii) This account includes: "Other non-current assets deriving from contracts" and "Deferred tax assets"
- (iv) The account includes: Deferred tax liabilities, employee benefits and non-current liabilities deriving from contracts

Non-current assets mainly comprise equity investments in other companies of Euro 73.7 million (increasing in the year as a result of the acquisitions described above and in particular of myLoc), intangible assets of Euro 7 million, primarily software, the right-of-use, primarily for property leases, of Euro 5.1 million, plant and machinery of Euro 2.1

million, other tangible assets of Euro 8.3 million, deferred tax assets of Euro 0.8 million and receivables and other non-current assets of Euro 0.50 million.

Net working capital increased as a result of higher receivables, due to the increase in revenues. The high margin which the company generates results in receivables increasing more proportionally than payables at equivalent payment times, thereby absorbing net working capital.

Net financial debt

The increase in net financial debt is primarily due to new loans obtained to fund the acquisitions, in particular that of myLoc. New loans obtained in the year amounted to approx. Euro 69 million.

The net financial position of the Parent Company at December 31, 2020, compared with the previous year, as calculated by the company, was as follows:

	31/12/2020	31/12/2019
Current financial assets	1,094,920	647,000
Cash and cash equivalents	13,324,350	8,990,107
Cash and cash equivalents	14,419,270	9,637,107
Payables to other lenders	(4,046,520)	(3,823,447)
Short-term bank payables	(3,491,188)	(5,273,589)
Other current financial liabilities	(8,725,932)	(6,181,406)
Short-term financial payables	(16,263,640)	(15,278,442)
Net financial debt - short-term	(1,844,370)	(5,641,335)
Other non-current financial assets	288,712	279,312
Payables to other lenders	(6,255,078)	(6,075,723)
Bank payables	(72,650,818)	(7,092,425)
Other non-current financial liabilities	(4,846,893)	(5,822,758)
Net financial debt - medium/long-term	(83,464,077)	(18,711,594)
Net financial debt - short & long-term	(85,308,447)	(24,352,929)
- Lease payables IFRS 16 (current)	1,346,890	1,088,800
- Lease payables IFRS 16 (non-current)	3,597,711	3,904,607
Net financial debt - short & long-term excluding IFRS16 impact	(80,363,846)	(19,359,522)

Shareholders' equity was Euro 16.7 million compared to Euro 19.4 million at December 31, 2019. The decrease related to the net profit, which was more than offset by the distribution of dividends in the year and the purchase of treasury shares.

Cash flows

The company's cash flow statement compared to the previous year is presented below:

CASH FLOW STATEMENT of the Parent Company	2020	2021
Net profit from continuing operations	4,847,988	6,240,515
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	7,252,064	5,851,714
Change in employee benefits	333,245	106,644
Financial expenses	1,626,550	428,276
Income taxes	259,395	(807,909)
Other non-cash changes (deferred tax assets/liabilities)	6,100	56,099
Cash flow generated from operating activities before working capital changes	14,325,342	11,875,338
<i>Changes in current assets and liabilities:</i>		
Decrease (increase) in trade receivables	(2,401,332)	(366,214)
Increase (decrease) in trade payables	1,048,775	(1,073,324)
Increase (decrease) in tax payables	(196,006)	(297,198)
Decrease (increase) other current assets	(569,104)	(537,343)
Increase (decrease) in current liabilities	463,460	830,145
Decrease (increase) in other non-current assets	(9,400)	54,354
Increase (decrease) in other non-current liabilities	(284,405)	0
Decrease (increase) in assets deriving from contracts	269,324	329,905
Increase (decrease) in liabilities deriving from contracts	(488,404)	(765,604)
<i>Cash flow generated from operating activities</i>		
Income taxes paid	0	(53,013)
Interest paid/received	(1,306,636)	(294,006)
Net cash flow generated from operating activities (a)	10,851,614	9,703,040
Net increase intangible assets	(3,004,344)	(1,494,924)
Net increase tangible assets	(1,254,064)	(3,542,879)
Cash flows from business combinations - business units	(1,645,443)	0
Cash flows from business combinations - equity investments	(53,389,640)	3,890
Net cash flow used in investing activities (b)	(59,293,491)	(5,033,912)
New financing	69,137,500	7,000,000
Repayment of loans	(5,590,607)	(4,592,761)
Drawdown of payables to other lenders	0	1,061,467
Finance lease payables	(2,272,931)	(3,582,411)
Drawdown (settlement) other financial investments	923,397	(1,744,036)
Payment of deferred fees for business combinations	(1,694,000)	(1,410,000)
Distribution dividends	(3,791,159)	(2,328,575)
Acquisition of treasury shares	(3,936,082)	(4,308,026)
Net cash flow from financing activities (c)	52,776,119	(9,904,342)
Net increase/(decrease) in cash and cash equivalents a+b+c	4,334,241	(5,235,214)
Cash and cash equivalents at end of year	13,324,349	8,990,107
Cash and cash equivalents at beginning of year	8,990,108	14,225,321
Net increase/(decrease) in cash and cash equivalents	4,334,241	(5,235,214)

Cash flows generated from operating activities slightly increased compared to the previous year and were employed, together with the loans previously outlined, to fund both ordinary investment and that related to the very significant M&A's executed in the year. Overall, liquidity increased, despite the further use of cash and cash equivalents to support the Buy-Back plan of treasury shares for Euro 3.9 million, the payment of costs for M&A's and the payment of dividends.

Financial instruments

The Parent Company at December 31, 2020 had in place derivative interest rate hedges (IRS) related to the overall credit line of Euro 40 million subscribed in January 2020 and re-contracted in September 2020, increasing it to Euro 32.5 million. During the year, the Mark to Market value was recognised applying hedge accounting, recognising the fair value of the derivative to current and non-current financial liabilities, with a counter-entry to other equity items.

Treasury shares or parent company shares

In accordance with Article 2428, points 3) and 4), of the Civil Code, the company holds 148,876 treasury shares, accounting for 5.61% of the 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 2020 there were no workplace deaths of personnel on payroll.

During 2020 there were no serious accidents at work that resulted in severe or very severe injuries to personnel on payroll.

During 2020, 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 2020, no environmental damage was declared against the company.

During 2020, 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.

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.

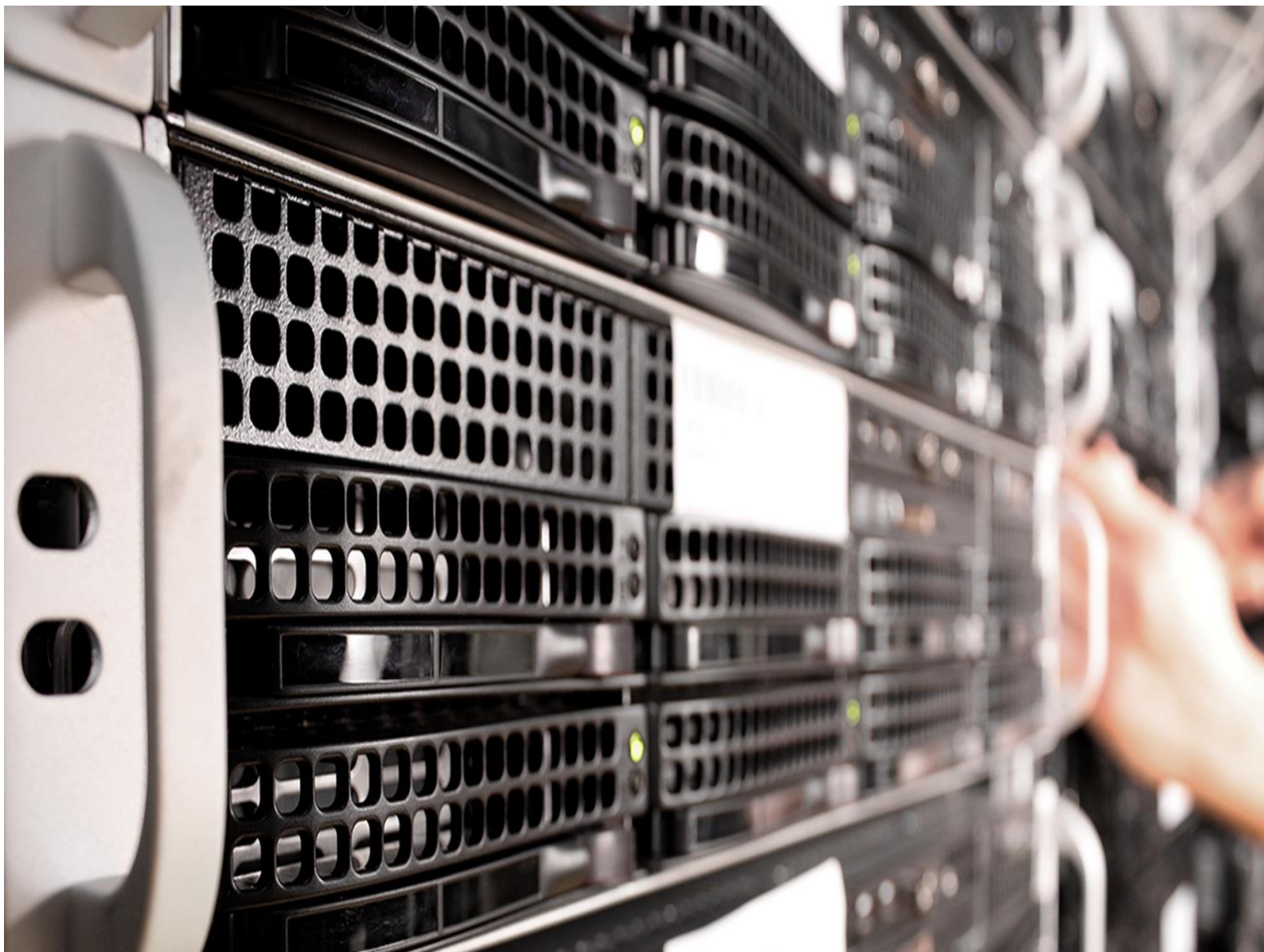
This IT infrastructure is essentially a strategic asset for the company, driving its competitiveness and market expansion capacity.

Also for the Digital Services range, research and development on the technological and application assets within the "Wiit Digital Platform" was undertaken. This enables Wiit to support the enterprises and organisations of customers to execute their specific Business, Critical and Collaborative process Digitalisation Strategy.

The Wiit Digital Platform has been designed and rolled out to support and integrate with the Enterprise Application systems of our customers (ERP, SCM, CRM and E-Commerce), in order to digitalise and further streamline the management of primary processes (Customer Engagement Processes) and secondary processes (Operational Support Processes) in complex organisations, favoring collaboration and lead times.

Wiit currently provides "Digital Services" to about 600 direct or indirect customers, intermediated by channel partners, all of whom operate on a daily basis on the Wiit Digital Platform.

Investments were capitalised for Euro 1,032 thousand during the year.





TRANSACTIONS WITH SUBSIDIARY, ASSOCIATE, HOLDING & RELATED COMPANIES

VOICE

Date: 01/01/2021
Invoice No: 0000001
Customer ID: 228

Qty	Amount
246.53	855.75
584.87	490.74
355.40	00.00
00.00	0.00

%Growth:

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

Accounting to sales from 2013 - 2018

May	June
24,766	45,596
354	1,076
133	190
	134
	47,756

During 2020 the following transactions with subsidiaries, associates, holding companies and related companies took place:

REVENUES	COSTS	WIIT Fin S.r.l.	WIIT S.p.A.	WIIT Swiss S.A.	Adelante S.r.l.	ICTW	MATIKA S.p.A.	COMM.IT Srl	Etaeria Spa	myLoc	TOTAL
	WIIT Fin S.r.l.	-	499,000	-	-	-	-	-	-	-	499,000
	WIIT S.p.A.	-	-	594,577	930,927	-	578,605	6,200	774,476	-	2,884,785
	WIIT Swiss S.A.	-	-	-	-	-	-	-	-	-	-
	Adelante S.r.l.	-	111,293	-	-	10,667	-	108,342	1,652	-	231,955
	ICTW	-	50,282	-	21,600	-	-	-	-	-	71,882
	MATIKA S.p.A.	-	50,969	-	3,560	-	-	-	-	-	54,529
	COMM.IT Srl	-	4,145	-	127,598	-	-	-	-	-	131,743
	Etaeria S.p.A.	-	2,902,165	-	48,336	-	-	-	-	-	2,950,501
	myLoc	-	-	-	-	-	-	-	-	-	-
Total		-	3,617,855	594,577	1,132,020	10,667	578,605	114,542	776,128	-	6,824,395
PAYABLES	RECEIVABLES	WIIT Fin S.r.l.	WIIT S.p.A.	WIIT Swiss S.A.	Adelante S.r.l.	ICTW	MATIKA S.p.A.	COMM.IT Srl	Etaeria Spa	myLoc	TOTAL
	WIIT Fin S.r.l.	-	1,871,928	-	-	-	-	-	-	-	1,871,928
	WIIT S.p.A.	-	-	-	1,799,497	-	4,194,066	5,057	139,539	-	5,859,081
	WIIT Swiss S.A.	-	280,613	-	-	-	-	-	-	-	280,613
	Adelante S.r.l.	455,081	426,885	-	-	-	720	38,064	28,380	-	947,690
	ICTW	-	-	-	37,414	-	-	-	-	-	37,414
	MATIKA S.p.A.	-	41,864	-	-	-	-	-	-	-	41,864
	COMM.IT Srl	-	27,755	-	7,957	-	-	-	-	-	35,712
	Etaeria S.p.A.	-	117,301	-	-	-	-	-	-	-	117,301
	myLoc	-	-	-	-	-	-	-	-	-	-
Total		455,081	2,766,346	-	1,844,869	-	4,193,346	43,121	111,159	-	9,191,604

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.

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

Currency risk

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

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

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

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

Interest rate risk

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

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

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

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

The Consolidating company over the years has almost exclusively contracted medium-term loans at a fixed rate. 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.

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 through the use of a past due provisioning matrix, calculated on the basis of the sector and country risk rates.

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 favored 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, Defense, 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

On January 21, 2021, the Parent Company signed a five-year 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, the Parent Company signed the four-year renewal of its existing contract with one of the main operators providing Credit Management services for a value of approx. Euro 3.3 million. The scope of the contract, in addition to the renewal of the "Smart Working as a Service" service, has also been extended to WIIT's Cyber Security platform. In particular, the Customer has adopted innovative Data Governance services for its Hybrid Cloud environments that will also enable controlled access to proprietary confidential information. This extension confirms that Cyber Security is now a key element that customers recognize as an integral part of the Hybrid and Private Cloud model. The Customer has embarked on a major expansion and together with the growth of the business has seen an increase in the number of users needed to meet market demands, which have increased in the three-year period from less than 100 to about 400. WIIT's ongoing services - based on a consolidated governance model which meets and combines business and operational needs - has allowed users to operate at full capacity even amid the COVID-19 pandemic.

Outlook

Despite the major uncertainties and fears regarding the social and economic repercussions of the COVID-19 pandemic, 2020 for WIIT was in fact a year of significant revenue and margin growth compared to 2019.

The Group's operations continue in terms of marketing activities to build the brand, the analysis of the specific needs of the Group's targets and the preparation of the relative promotional campaigns.

WIIT - thanks to a business model based on long-term orders and recurring revenues - has not suffered significant revenue impacts. In fact, both revenues and the operating margin are in line with budget forecasts. As of Q1 2020, strong interest has been shown by existing and new customers in the smart-working and cyber-security services provided through WIIT's Cloud platform. Acting conservatively, however, in light of the uncertainty surrounding the effects on working capital of 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, in April 2020 the Parent Company WIIT subscribed to a moratorium that suspended the repayment of bank loans for six months. This allowed the company to agree payment deadline extensions with some of its customers. The variety of sectors in which the Company operates and its good financial condition, in addition to its access to liquidity and lines of credit approved by credit institutions but not drawn down are circumstances that mitigate potential financial risk.

In response to the COVID-19 risk, the Company promptly updated its Risk Assessment Document, with specific regards to biological risks, 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 Ministers 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, and subsequent amendments to the memorandum of April 24, 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 and complying with precautionary measures (use of PPE and social distancing of at least 1 meter).

Among the most important measures taken, the Company began to implement remote work as early as February 24, 2020, gradually extending it to 100% of its employees from March 6, while then reducing it over the summer months and returning to increase it from September 2020 in view of the rate of infections in the regions in which the company operates.

Any specific needs are guaranteed relating to monitoring activities at its critical infrastructures (Data Centers) through which the Company provides its continuous services to customers, adopting the precautions set out in the published Prime Ministerial Decrees.

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.

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 Adjusted consolidated net profit of Euro 6,089,266, the Parent Company proposes that a maximum of Euro 2,784,669 of its net profit of Euro 4,847,988 be allocated to dividends to be distributed to shareholders (Euro 1.05 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, 19/03/2021

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

ANNUAL ACCOUNTS 2020

*Consolidated Financial
Statements*

Company:	WiiT 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	01615150214
R.E.A. No.	1654427
Number of shares	2,652,066

CONSOLIDATED BALANCE SHEET

		31.12.2020	31.12.2019
ASSETS			
Intangible assets	1	29,157,680	13,341,905
Goodwill	2	56,660,268	17,604,960
Property, plant and equipment	3	2,417,428	3,208,450
Other tangible assets	3	23,033,145	10,147,369
Right-of-use	3	9,050,928	5,706,817
Deferred tax assets	15	1,209,368	727,459
Equity investments and other non-current financial assets	4	81,863	60,861
Other non-current assets deriving from contracts	5	217,174	440,499
Other non-current assets	5	306,533	291,779
NON-CURRENT ASSETS		122,134,387	51,530,099
Inventories	6	85,487	82,628
Trade receivables	7	7,965,156	6,442,595
Trade receivables from associates	7	35,713	35,567
Current financial assets	-	13,482	0
Current assets deriving from contracts	8	223,325	269,325
Other receivables and other current assets	8	3,601,378	2,325,204
Cash and cash equivalents	9	18,242,212	11,836,359
CURRENT ASSETS		30,166,753	20,991,678
TOTAL ASSETS		152,301,140	72,521,777

CONSOLIDATED BALANCE SHEET

		31.12.2020	31.12.2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		2,652,066	2,652,066
Share premium reserve		19,248,704	19,248,704
Legal reserve		530,422	530,414
Other reserves		(13,166,035)	(9,305,339)
Reserves and retained earnings		3,389,210	2,273,486
Translation reserve		(8,638)	11,579
Group net profit		1,594,498	5,007,793
GROUP SHARE EQUITY	10	14,240,227	20,418,703
Non-controlling interest capital and reserves		0	0
Non-controlling interest net profit		878,591	242,238
Non-controlling interest shareholders' equity		878,591	242,238
TOTAL SHAREHOLDERS' EQUITY	10	15,118,818	20,660,943
Payables to other lenders	11	11,409,366	6,611,209
Bank payables	12	72,984,366	7,192,300
Other non-current financial liabilities	13	10,945,144	12,890,437
Employee benefits	14	2,842,413	1,983,999
Deferred tax liabilities	15	8,624,975	2,872,152
Non-current liabilities deriving from contracts	16	447,960	851,125
Other payables and non-current liabilities	16	0	8,394
NON-CURRENT LIABILITIES		107,254,224	32,409,616
Payables to other lenders	11	6,517,799	4,000,234
Short-term loans and borrowings	12	3,885,074	5,443,457
Current income tax liabilities	17	1,138,913	715,453
Other current financial liabilities	13	8,124,085	1,479,663
Trade payables	18	6,166,928	4,478,794
Trade payables to associates	18	43,135	42,293
Current liabilities deriving from contracts	19	403,165	488,404
Other payables and current liabilities	19	3,648,998	2,802,920
CURRENT LIABILITIES		29,928,097	19,451,218
TOTAL LIABILITIES		137,182,321	51,860,834
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		152,301,140	72,521,777

CONSOLIDATED INCOME STATEMENT

		2020	2019
REVENUES AND OPERATING INCOME			
Revenues from sales and services	20	52,094,235	33,726,729
Other revenues and income	21	852,612	184,729
Total revenues and operating income		52,946,847	33,911,458
OPERATING COSTS			
Purchases and services	22	(24,966,310)	(15,237,262)
Personnel costs	23	(10,456,285)	(6,228,704)
Amortisation, depreciation & write-downs	24	(11,254,917)	(6,903,267)
Provisions	-	0	0
Other costs and operating charges	25	(1,227,659)	(381,993)
Change Inventories of raw mat., consumables and goods	26	(10,223)	65,913
Total operating costs		(47,915,394)	(28,685,314)
EBIT		5,031,453	5,226,144
Income (Charges) from Equity Method	27	29,497	(7,200)
Financial income	28	7,821	251,945
Financial expenses	29	(1,402,698)	(439,221)
Exchange gains/(losses)	30	(40,280)	(40,021)
PROFIT BEFORE TAXES		3,625,792	4,991,648
Income taxes	31	(1,152,704)	258,383
NET PROFIT		2,473,089	5,250,031
Group Net Profit for the year	10	1,594,498	5,007,793
Non-controlling interest net profit	10	878,591	242,238
Earnings per share			
Basic earnings per share (Euro per share)		0.63	1.95
Diluted earnings per share (Euro per share)		0.63	1.95

COMPREHENSIVE INCOME STATEMENT

	2020	2019
NET PROFIT	2,473,089	5,250,031
<i>Items not reclassified subsequently to the income statement</i>		
Actuarial gains (losses) on employee benefits	(140,969)	(110,897)
<i>Items reclassified subsequently to the income statement on meeting certain conditions:</i>		
Derivative financial instruments (IRS)	(767,273)	
Losses from conversion of accounts of overseas companies	(20,217)	(2,119)
Tax effect	229,704	29,358
TOTAL COMPREHENSIVE INCOME	1,774,334	5,166,373
<i>Total Group comprehensive income</i>	<i>895,743</i>	<i>4,924,136</i>
<i>Total minority interest comprehensive income</i>	<i>878,591</i>	<i>242,238</i>



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
Group Shareholders' Equity at 31.12.2018	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	0	22,091,857
Net Result								5,007,793	5,007,793	242,238	5,250,031
Other comprehensive income					(81,538)	(2,119)			-83,657		(83,657)
Comprehensive net income					(81,538)	(2,119)		5,007,793	4,924,136	242,238	5,166,374
Allocation of 2018 result											
Legal reserve			17,200					(17,200)	0		0
Dividends paid								(2,328,575)	(2,328,575)		(2,328,575)
Carried forward							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
Net Result								1,594,497	1,594,497	878,591	2,473,089
Other comprehensive income					(678,538)	(20,217)			(698,755)		(698,755)
Comprehensive net income					(678,538)	(20,217)		1,594,497	895,743	878,591	1,774,334
Allocation of 2019 result											
Legal reserve			0					0	0		0
Dividends paid								(3,868,921)	(3,868,921)	(242,238)	(4,111,159)
Carried forward					23,151		1,115,722	(1,138,873)	0		0
Use of treasury shares				425,939	286,041				711,980		711,980
Acquisition of treasury shares				(3,936,082)					(3,936,082)		(3,936,082)
Other changes					18,802				18,802		18,802
Group Shareholders' Equity at 31.12.2020	2,652,066	19,248,704	530,414	(11,100,177)	(2,065,849)	(8,638)	3,389,210	1,594,497	14,240,226	878,591	15,118,818

CONSOLIDATED CASH FLOW STATEMENT	2020	2019
Net profit from continuing operations	2,473,089	5,250,031
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	11,254,917	6,903,267
Financial assets adjustments	(29,497)	7,200
Change in employee benefits	459,751	118,387
Increase (decrease) provisions for risks and charges	(159,693)	0
Financial expenses	1,404,281	439,221
Income taxes	1,152,704	(258,383)
Other non-cash changes (deferred tax assets/liabilities)	(654,808)	(116,430)
Cash flow generated from operating activities before working capital changes	15,900,743	12,343,293
<i>Changes in current assets and liabilities:</i>		
Decrease (increase) in inventories	9,492	(65,912)
Decrease (increase) in trade receivables	(416,801)	338,578
Decrease (increase) in tax receivables	13,066	0
Increase (decrease) in trade payables	37,605	(431,625)
Increase (decrease) in tax payables	(692,024)	(345,740)
Decrease (increase) other current assets	369,025	115,133
Increase (decrease) in current liabilities	831,721	784,717
Decrease (increase) in other non-current assets	(14,754)	50,454
Increase (decrease) in other non-current liabilities	(434,858)	2,109
Decrease (increase) in assets deriving from contracts	269,325	329,904
Increase (decrease) in liabilities deriving from contracts	(488,404)	(765,604)
<i>Cash flow generated from operating activities</i>		
Income taxes paid	(809,032)	(847,332)
Interest paid/received	(975,171)	(288,394)
Cash flow generated from operating activities (a)	13,599,934	11,219,581
Net increase intangible assets	(3,966,263)	(1,617,498)
Net increase tangible assets	(3,159,303)	(3,957,512)
Cash flows from business combinations net of cash and cash equivalents	(53,047,722)	(3,480,722)
Net cash flow used in investing activities (b)	(60,173,288)	(9,055,732)
New financing	69,637,500	7,000,000
Repayment of loans	(5,632,918)	(4,680,798)
Finance lease payables	(2,133,427)	(2,530,199)
Payment of deferred fees for business combinations	(844,710)	(1,410,000)
Distribution dividends	(4,111,159)	(2,328,575)
Acquisition of treasury shares	(3,936,082)	(4,308,026)
Net cash flow used in financing activities (c)	52,979,205	(8,257,598)
Net increase/(decrease) in cash and cash equivalents a+b+c	6,405,852	(6,093,749)
Cash and cash equivalents at end of the year	18,242,211	11,836,359
Cash and cash equivalents at beginning of the year	11,836,359	17,930,107
Net increase/(decrease) in cash and cash equivalents	6,405,852	(6,093,749)

Notes to the consolidated financial statements at December 31, 2020

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 approximately 296 employees, the Group reports total revenues (including other revenues and income) of Euro 52.9 million in 2020.

These consolidated financial statements were authorised for publication by the Board of Directors on March 19, 2021.

GROUP STRUCTURE

Parent

- WIIT S.p.A. (hereinafter also “WIIT”)

Direct and indirect subsidiaries and Group holdings

At December 31, 2020, 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 Frasheri, 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%.
- vi) **Etaeria S.p.A.**, a joint-stock company incorporated in Italy, with registered office at Via XX Settembre 17, 10121 Turin, held 60%;
- vii) **myLoc Managed IT AG**, a company incorporated in Germany, with registered office in Düsseldorf Gatherhof 44 - 40472 (DE), wholly-owned.

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

On January 15, 2020, WIIT S.p.A. signed agreements for:

- i) 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
- ii) the acquisition of the Aedera S.r.l. business unit (Kelyan Group), a 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 Euro 2.7 million, inclusive of a variable price component subject to the achieved 2019 full-year earnings objectives of Euro 100,000. The acquisition of the Etaeria shares also involved the payment of an advance of Euro 0.8 million 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.

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 sellers) 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 agreements stipulate the acquisition of the business unit in its entirety for Euro 2.4 million. At December 31, 2020, the consideration paid was Euro 1.6 million, and the deferred consideration was Euro 0.6 million, subject to the achievement of the result objectives by the Aedera business unit. It should also be noted that, because the 2020 earnings targets were not reached, the related earn-out of Euro 159 thousand was not paid to the seller or recognised on the income statement.

The payment of the initial consideration was in cash, drawing on WIIT's available liquidity. The payment of the deferred consideration from the exercise of the options shall also be made in cash.

On September 30, 2020, the Parent Company completed the purchase of 100% of the share capital of myLoc Managed IT AG ("myLoc"), a German provider of cloud and colocation services for businesses and individuals. myLoc has a proprietary data center located in Düsseldorf, operates on the German market, providing colocation, managed hosting, private and public cloud and server hosting services. myLoc's share capital was fully-held by Virtual Minds AG, a subsidiary of ProSiebenSat.1 Media SE.

The acquisition price was approx. Euro 51 million, calculated according to the enterprise value of myLoc.

The Transaction's execution shall allow WIIT to: (i) develop international markets beginning with Germany; (ii) extend, step up and diversify the range of IT services provided and, in particular, the continuous hosted private and hybrid cloud services for business; (iii) implement the investment, growth and development strategy of the WIIT Group, which targets the expansion of its operations through organic growth through internal lines and by means of M&A's.

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. References to "IFRS" also include the International Accounting Standards (IAS) in force, as well as the interpretations of the IFRS Interpretation Committee (IFRSIC), including those that were issued by the International Financial Reporting Interpretations Committee (IFRIC) and, before that, the Standing Interpretations Committee (SIC). For simplicity, these standards and interpretations are hereafter collectively stated as "International Financial Reporting Standards" or, simply, "IFRS". The consolidated financial statements 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 have been prepared on the going-concern basis. Although operating within a difficult economic and financial environment, the Group considers - also in view of its strong competitive positioning, its strong 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 Wiit 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 WIIT Group include the annual figures for WIIT and its subsidiaries, both those directly and indirectly held, according to the financial statements approved by the respective Boards of Directors or other accounting statements prepared for such purpose, appropriately adjusted where necessary in order to comply with the IFRS adopted by the company to prepare the Consolidated Financial Statements.

The companies over which Wiit S.p.A. simultaneously has the following three elements are considered subsidiaries: (a) power over the entity; (b) exposure, or rights, to variable returns deriving from involvement with the same; (c) capacity to utilise the power to influence the amount of these variable returns. Subsidiaries, where undertaking significant activities to correctly represent the equity, economic and financial situation of the Group, are consolidated from the date at which control occurs until the moment at which it terminates. Compared to December 31, 2019, the consolidation scope changed following the acquisitions in January and September 2020, as outlined in the previous paragraph.

Basis of Consolidation

The data utilised for the consolidation was taken from the financial statements approved or other financial information prepared and made available 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 31.12.20	Average exchange rate 2020
CHF (Switzerland)	1.080	1.068
ALL (Albania)	123.950	123.762

Accounting policies

The main accounting policies adopted in the preparation of the financial statements at December 31, 2020, 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 valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group 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 Group 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.

Etaeria S.p.A.

On January 15, 2020, the Group finalised an agreement for the acquisition, from the Kelyan Group, of control of the company Etaeria S.p.A., a provider of cyber security and cloud services. The company 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 WILT, with the remainder to be managed through the other commercial channels.

The agreements provide for the initial acquisition of a majority holding of 60% in the share capital of Etaeria for a consideration of Euro 2.7 million. At December 31, 2020, a total of Euro 2.3 million had already been paid, in addition to an advance in the amount of Euro 801 thousand on the purchase of the remaining 40%.

It should be noted that, following allocation of the purchase price, which was finalised for the half-year financial statements at June 30, 2020, an additional sum of Euro 320 thousand was determined, which the Group paid to the seller in connection with the transactions and which was recognised through profit

or loss. Of this sum, Euro 155 thousand had already been deducted from the amount agreed for the acquisition of the 60% interest.

Finally, as agreed by the parties, Euro 0.5 million was withheld from the agreed consideration for the acquisition of the 60% controlling interest in the share capital of Etaeria as a guarantee.

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 Etaeria earnings objectives, exercisable respectively in the periods of 90 days subsequent to approval of the financial statements of Etaeria at December 31, 2020 and 2021.

The exercise price of each option comprises a fixed component of approx. Euro 1.3 million, to which the 20% of the net financial position of Etaeria five days prior to the acquisition's execution date shall be added. Further to this fixed component, subject to the achievement of the specific 2020-2022 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 2.1 million, on the basis of Etaeria's EBITDA, revenues and margins.

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 3.8 million, considering as probable the achievement of all the objectives of the contract mentioned above 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 2020 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, and the payment of the consideration for the acquisition of the residual 40% from the exercise of the options shall also be made in cash. 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	3,224,813
<i>of which Business List</i>	3,186,080
Property, plant & equipment	346,951
Rights-of-use	91,791
Equity invest. & other financial assets	5
Deferred tax assets	249,642
Inventories	12,351
Trade receivables	100,018
Current financial assets	622,811
Tax receivables	13,066
Other receivables and other current assets	4,015
Cash and cash equivalents	247
Payables to other lenders	(57,127)
Other non-current financial liabilities	(791,889)
Employee benefits	(301,860)
Payables to other lenders	(34,665)
Current income tax liabilities	(128,870)
Deferred tax liabilities	(888,916)
Other current financial liabilities	(561,000)
Trade payables	(409,184)
Payables to Group companies	(326,000)
Other payables and current liabilities	(282,127)
Total net assets acquired (fair value) (a)	884,071
Consideration for acquisition of control, including deferred consideration (b)	2,675,150
Fair value of the minority shares acquirable through put&call option (c)	3,771,850
GOODWILL (b-a+c)	5,562,929
Payment made for the 60% interest	(2,330,640)
Cash acquired	247
Advance on residual 40% holding	(801,360)
NET CASH FLOWS for ETAERIA business combination	(3,131,753)
Deferred consideration for 60% acquisition	344,510
Financial liabilities from put&call	3,810,158
Advance payment for put&call on remaining 40%	(801,360)
Total financial liabilities for ETAERIA business combination	3,353,308
Definitive price adjustment	155,490
Total financial liabilities for ETAERIA business combination after price adjustment	3,508,798

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 related to future acquisitions.

The surplus value generated by the acquisition has been allocated for Euro 3,186 thousand to intangible assets as Business list for which a useful life of 20 years has been determined and the remainder 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 888 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.

For the determination of the price allocation, the Group utilised an outside consultant. The allocation amounts have been final since June 30, 2020.

In the period between the date of acquisition of control by the Group and the year-end closing date of December 31, 2020, the Company reported total revenues of Euro 7.5 million and a net profit of Euro 0.5 million. This figure is approximately the same as the revenues and net profit that would have been generated had the acquisition been executed on January 1, 2020, i.e. for the full 2020 financial year.

AEDERA (BUSINESS UNIT)

On January 15, 2020, the Company signed a deed to acquire the business unit comprising the entirety of the information technology equipment, employees, and agreements with customers and suppliers for the IT document management services and solutions carried out by Aedera S.r.l., with registered office in Carpi (MO), via Delle Magliaie No. 12, Tax and VAT No. 03664700360 and with operating headquarters in Cuneo, Via della Magnina.

The unit's core business is the provision of IT services and solutions for document management and was wholly-owned by A & C Holding S.r.l. (Kelyan Group), which held also the company Etaeria S.r.l. (also acquired). The business unit also comprises 18 employees integrated into WIIT S.p.A. (1 executive, 1 senior manager, 16 white-collar staff).

The agreements stipulate the acquisition of the business unit in its entirety for Euro 2.4 million (of which Euro 1.4 million settled by June 30, 2020 and the remaining Euro 1.0 million to be settled through deferred payment, including an earn-out of Euro 0.9 million). The payment of the initial consideration was in cash, drawing on WIIT's available liquidity. The payment of the deferred consideration shall also be made in cash.

The values of the transaction are presented below.

In Euro	Fair Value of Net Assets Acquired
Intangible assets	1,985,118
Of which K-File Platform	1,886,964
Other tangible assets	11,630
Equity invest. & other financial assets	3,500
Inventories	731
Other non-current assets	40,371
Deferred tax liabilities	(434,393)
Other liabilities from business combination	(330,411)
Other payables and non-current liabilities	(256,706)
Employee benefits	(27,699)
Other payables and current liabilities	(55,974)
Total net assets acquired (fair value) (a)	936,167
Consideration for acquisition of control, including deferred consideration (b)	2,443,908
GOODWILL (b-a)	1,507,742
Payments made	(1,645,443)
Cash acquired	-
NET CASH FLOWS for AEDERA business combination	(1,645,443)
Total financial liabilities for Aedera business combination	785,996
Failure to reach 2020 earn-out targets	(159,693)
Total financial liabilities for Aedera business combination after price adjustment	626,303

As indicated in the table above, the transaction is a business combination in accordance with IFRS 3 as the net assets of the company Aedera Srl have been acquired. The above balances were recognised from the acquisition date of the business unit. The gain generated by the acquisition has been allocated for Euro 1,557 thousand to intangible assets, increasing the Software Platform's value (with an original carrying amount of Euro 330 thousand), the main asset used to provide SaaS services, for which a useful life of 10 years has been determined and the remainder for Euro 1,508 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.

The allocation in addition generated deferred taxes of Euro 434 thousand calculated on the value identified for the increase in the value of the Asset (Platform). In addition to that identified and reported in the table, no contingent liabilities have been identified in accordance with paragraph 85 of IAS 37. For the determination of the price allocation, the Group utilised an outside consultant.

In the period between the date of acquisition of control by the Group and the year-end closing date of December 31, 2020, the business unit reported total revenues of Euro 1.9 million. This figure is approximately the same as the revenues that would have been generated had the acquisition been executed on January 1, 2020.

myLoc Managed IT AG

On September 19, WIIT S.p.A. signed an agreement for the purchase of 100% of the share capital of myLoc managed IT AG ("myLoc"), a German provider of cloud and colocation services for businesses and individuals. myLoc has a proprietary data center located in Düsseldorf, operates on the German market, providing colocation, managed hosting, private and public cloud and server hosting services.

myLoc's share capital was fully-held by Virtual Minds AG, a subsidiary of ProSiebenSat.1 Media SE.

The transaction closed on September 30, 2020, resulting in the full acquisition of myLoc Managed IT AG. The acquisition price was approx. Euro 51 million, calculated according to the enterprise value of myLoc. The Transaction's execution shall allow WIIT to: (i) develop international markets beginning with Germany; (ii) extend, step up and diversify the range of IT services provided and, in particular, the continuous hosted private and hybrid cloud services for business; (iii) implement the investment, growth and development strategy of the WIIT Group, which targets the expansion of its operations through organic growth through internal lines and by means of M&A's.

On September 17, 2020, WIIT has signed off on an amendment to the loan contract with the banking syndicate, Intesa Sanpaolo S.p.A. and Banco BPM S.p.A., to fund the transaction, in accordance with which an additional credit line (Line D) was disbursed. For more information, see the Directors' Report and, in particular, the paragraph *Funding agreement* in the section "Governance and significant events".

The values of the transaction are presented below.

In Euro	Fair Value of Net Assets Acquired
Intangible assets	9,777,890
<i>of which Business List</i>	9,777,470
Property, plant and equipment	67,876
Rights-of-use	3,607,891
Other tangible assets	13,758,010
<i>of which data center</i>	9,803,041
Equity invest. & other financial assets	1,500
Trade receivables	1,158,683
Other receivables and other current assets	893,272
Cash and cash equivalents	2,788,474
Payables to other lenders	(4,517,961)
Other non-current financial liabilities	(426,464)
Payables to other lenders	(2,255,734)
Current income tax liabilities	(217,310)
Deferred tax liabilities	(4,637,869)
Trade payables	(916,187)
Other payables and current liabilities	(19,278)
Total net assets acquired (fair value) (a)	19,062,793
Consideration for acquisition of control, including deferred consideration (b)	51,059,000
GOODWILL (b-a)	31,996,207
Payments made	(51,059,000)
Cash acquired	2,788,474
NET CASH FLOWS for myLoc business combination	(48,270,526)

As indicated in the above table, the transaction was recognised according to the “acquisition method” from the date of acquisition of control. The surplus value generated by the acquisition has been allocated for Euro 9,777 thousand to intangible assets as Business List for which a useful life of 20 years has been determined, for Euro 6,845 thousand to tangible assets for data centers (the original carrying amount of which was Euro 2,557 thousand) with a useful life of 10 years, and the remaining part for Euro 31,996 thousand to goodwill, related to the competitive positioning achieved in Germany, the synergies resulting from the ability to broaden the range of services provide, and the cost and process 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 4,638 thousand, calculated on the value identified for the Business List and the data center.

The fair value of the assets acquired (within the purchase price allocation process) is currently being defined and is to be deemed provisional in accordance with IFRS 3. The Group utilised an outside consultant for this purpose. As at the date of these consolidated financial statements, certain measurement processes related to current assets and liabilities and the identification of contingent assets and liabilities have not been finalised; therefore, these figures could be subject to change within 12 months of the acquisition date.

It should also be noted that, in addition to that identified and reported in the table, no contingent liabilities have been identified in accordance with paragraph 85 of IAS 37 as at the end of the year. Nonetheless, in accordance with IFRS 3, provisional fair values of the assets and liabilities acquired have been determined.

In the period between the date of acquisition of control by the Group and the end of 2020, the subsidiary reported total revenues of Euro 4.2 million and a net profit of Euro 0.6 million. The revenues and net profit for the year generated by myLoc in 2020, if it had been acquired and consolidated from January 1, 2020, would have amounted to Euro 17.3 million and Euro 3.8 million, respectively.

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. It should be noted, as detailed in the paragraph "Operating segments" and unlike in 2019, the Group is organised into two distinct CGUs and, following the acquisition of myLoc, the Group now also has operations in Germany:

- the "Italy" CGU
- the "International" CGU (myLoc Managed IT AG)

The CGUs to which the goodwill is allocated:

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

In the case of the Wiit Group, the CGUs are the same as the operating segments.

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 and trademarks (mainly software/user licenses) - 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 and the purpose of which is to develop and upgrade software that is then used within the core business.

Development costs are amortised on a straight-line basis, from the commencement of production of the related project over the estimated useful life of the product or process, which has been assessed as five years. Development costs related to ongoing projects are included as assets in progress.

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 & machinery	5 - 10 years
Other tangible assets	
- Equipment	7 years
- EDP	4 years
- Furniture and fittings	8 years
Equipment	7 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.

LEASED ASSETS RIGHT-OF-USE

Leased assets are recognised as tangible assets when the underlying lease agreement calls for the redemption of the asset by the Company, which mainly includes electronic machines. For lease agreements that do not call for redemption of the asset (mainly operating leases related to property and vehicle leases), the assets are recognised under "rights-of-use". Rights-of-use are recognised as a separate asset account 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, whereas assets under finance leases are recognised directly under the asset class to which they belong at the fair value of the asset specified under the related agreement in line with past policy.

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 Company 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.

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 been 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,
- Current financial 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 includes 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 & 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.

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, payables that have a fixed maturity are measured at amortised cost, using the effective interest method, while payables without 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 stand alone 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.

Revenues from the sale of products (mainly hardware and software) are recognised at the point in time in which the hardware is delivered and the (software) license is granted.

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.

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.

OPERATING SEGMENTS

For the purposes of IFRS 8 – Operating Segments, Group activities are organised into two operating segments based on the business and location of the companies of the Group.

Beginning with the 2020 financial year, the Group provides segment information based on the geographical location of the markets served (i.e. Italy and International), following the acquisition of myLoc Managed IT AG. The different characteristics of the services, which allow for expansions in the product portfolio in different geographical areas, has led to a breakdown of the performance of the companies into two CGUs denominated “Italy” and “International”.

Therefore, this segment disclosure has been prepared in accordance with this new strategy.

The reporting used by Directors highlights the results in the following two operating segments:

- **“Italy” CGU**, including the Parent Company, as well as Adelante S.r.l., Matika S.p.A., Etaeria S.p.A., Wiit Swiss SA, and ICT Watcher Sh.p.k.
- **“International” CGU**, for the German subsidiary myLoc Managed IT AG, which joined the Group as of September 30, 2020.

The Group assesses the performance of both first and second-level operating segments based on EBITDA, EBIT and net profit/(loss) for the year.

No reconciliation between these segment figures and the figures on the financial statements presented herein is necessary given that all income components presented are measured utilising the same accounting policies adopted for the presentation of the Group consolidated financial statements.

The figures by operating segment for the Group in 2020 were as follows:

in Euro thousands	Italy CGU	Overseas CGU	Unallocated items	2020
Revenues and operating income	48,539	4,408	0	52,947
Intercompany by segment	0	0	0	0
Net sales revenues from third parties	48,539	4,408	0	52,947
EBITDA	14,349	1,937	0	16,286
Amortisation & depreciation	(9,098)	(2,156)	0	(11,255)
Write-downs and revaluations	0	0	0	0
Operating result	5,251	(219)	0	5,031
Total investments	6,788	1,225	0	8,012
Total Non-Current Assets by segment	109,476	10,844	1,815	122,134

The figures at December 31, 2020, for the International CGU solely include the financial performance for the fourth quarter given that, as mentioned above, the subsidiary myLoc was consolidated as of October 1, 2020. In addition, the amortisation of the higher amounts for the data center and business list determined as part of the PPA process have been allocated to the International CGU.

Deferral of application of the ESEF for the tagging of the consolidated financial statements of publicly listed companies

In mid-February, given the global challenges for enterprises brought about by the COVID-19 pandemic, the European Parliament and the Council approved an amendment to the Transparency Directive allowing Member States to defer for one year the obligation to publish financial statements using the European Single Electronic Format (ESEF).

Within Italy, in order to take advantage of this extension, the final version of the conversion act (Senate Act No. 2101) of the “Milleproroghe” Decree (Legislative Decree No. 183 of December 31, 2020), under Article 3, paragraph 11-sexies, establishes that the provisions of the ESEF regulation shall apply to financial reports related to financial years beginning on or after January 1, 2021.

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. In particular:

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 units (CGUs) identified, in reference to the 2021-2023 plans, 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 these CGUs include 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, 2020 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.

Business combinations

The recognition of business combinations entails the need to measure the fair value of assets and liabilities acquired as a result of obtaining control over the business. With the help of independent experts, Company management measured the fair value of assets, liabilities and contingent liabilities based on the information on facts and circumstances available at the acquisition date.

Measurement of the fair value of the assets and liabilities is subject to estimates and assumptions by the Directors. Potential changes in the estimates of the factors underlying the measurement of fair value could lead to different measurements.

The analysis of each business combination is unique and requires Directors to make estimates and assumptions that are deemed prudent and reasonable given the specific circumstances.

Recognition of business combinations also entails the need to make estimates in relation to the determination of variable or deferred components of price (including put/call options), which are usually subject to achievement of financial targets that, as at the date on which the controlling interest was acquired, are in turn subject to estimates; therefore, the related actual figures could differ and result in price adjustments that cannot currently be foreseen.

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



IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1, 2020

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2020:

- On October 31, 2018, the IASB published the document **“Definition of Material (Amendments to IAS 1 and IAS 8)”**. The document introduced a change to the definition of “material” contained 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” when it is described in such a way as to produce for primary users of financial statements an effect similar to that which would be produced if the information had been omitted or erroneous.

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

- 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 1 January 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 adoption of this amendment does not have effects on the consolidated financial statements of the Group.

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

- On October 22, 2018, the IASB published the document **"Definition of a Business (Amendments to IFRS 3)"**. The document provides certain clarification 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. Accordingly, the IASB has replaced the term "ability to create outputs" with "ability to contribute towards the creation of outputs" in

order to clarify that a business may exist even without the presence of all of 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 asset acquisitions after January 1, 2020 but early application is permitted.

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

- On May 28, 2020, the IASB published an amendment called "**Covid-19 Related Rent Concessions (Amendment to IFRS 16)**". The document establishes for lessees the option to account for the reductions in rents connected with COVID-19 without having to assess, through the analysis of contracts, whether the definition of lease modification of IFRS 16 has been complied with. Therefore, lessees applying this option will be able to account for the effects of rent reductions directly in the income statement on the effective date of the reduction. This amendment applies to financial statements commencing on June 1, 2020, but the Group has not made use of the option to apply this amendment earlier to January 1, 2020.

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

IFRS AND IFRIC STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EU, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY THE GROUP AT DECEMBER 31, 2020

- On May 28, 2020, the IASB published an amendment called "**Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**". The amendments allow the temporary exemption from the application of IFRS 9 to be extended until January 1, 2023 for insurance companies. The amendments will enter into force from January 1, 2021. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.
- On August 27, 2020, the IASB published, in light of the reform on interbank interest rates such as IBOR, the document "**Interest Rate Benchmark Reform-Phase 2**" which contains amendments to the following standards:
 - IFRS 9 Financial Instruments;
 - IAS 39 Financial Instruments: Recognition and Measurement;
 - IFRS 7 Financial Instruments: Disclosures;
 - IFRS 4 Insurance Contracts; and
 - IFRS 16 Leases.

All the amendments will enter into force from January 1, 2021. The Directors are currently assessing the possible effects of introduction of this amendment on the Group's consolidated financial statements.

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

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

- 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 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, 2023, although advance 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.

- On January 23, 2020, the IASB published an amendment entitled **“Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”**. The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. These amendments shall enter into force on January 1, 2023 and early application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.
- On May 14, 2020, the IASB published the following amendments:
 - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without changing the provisions of IFRS 3.
 - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is not to allow the amount received from the sale of goods produced during the testing phase of the asset to be deducted

from the cost of the asset. These sales revenues and related costs will therefore be recognised to the income statement.

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that in estimating the possible onerousness of a contract, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the share of personnel expenses and depreciation of machinery used to perform the contract).
- **Annual Improvements 2018-2020:** the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All the amendments will enter into force from January 1, 2022. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- On January 30, 2014 the IASB published **IFRS 14 Regulatory Deferral Accounts** which permits only those adopting IFRS for the first time to continue to recognise amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. As the Company/Group is a first-time adopter, this standard is not applicable.

Main notes to the balance sheet

1. INTANGIBLE FIXED ASSETS

	31/12/2020	31/12/2019	Changes
	29,157,680	13,341,905	15,815,775

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	0	6,009,782	0	(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	0	0	(206,218)	485,282
Assets in progress	888,741	958,354	0	(416,444)	0	1,430,651
Other	1,121,873	388,124	0	(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

Description	31/12/2019	Increases	Business combinations	Reclassifications	Amortisation	Reclassifications from materials	31/12/2020
Business List	9,494,087	0	12,963,550	0	(1,158,944)	0	21,298,693
Concessions and brands	732,368	1,884,017	1,908,557	0	(1,020,567)	0	3,504,375
Development costs	485,280	0	113,265	753,929	(403,259)	0	949,216
Assets in progress	1,430,652	1,264,466	0	(768,929)	0	0	1,926,189
Other	1,199,515	431,667	151,710	15,000	(326,844)	8,155	1,479,203
Intangible assets	13,341,905	3,580,150	15,137,082	0	(2,909,613)	8,155	29,157,680

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

Description	Historical cost	Accumulated amortisation	Revaluations	Write-downs	Net value
Business List	10,215,108	721,021	0	0	9,494,087
Concessions and brands	1,470,651	738,283	0	0	732,368
Development costs	1,299,510	814,226	0	0	485,284
Assets in progress	1,430,651	0	0	0	1,430,651
Other	2,012,671	813,156	0	0	1,199,515
Intangible assets	16,428,591	3,086,686	0	0	13,341,905

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. In 2020, the gains on the acquisitions of Etaeria S.p.A. for Euro 3,186 thousand and of myLoc Managed IT AG for Euro 9,777 thousand were allocated to this figure. Reference should be made to the "Business combinations" paragraph for further details.

Concessions and brands

Up to the 2019 financial year, this account mainly included the asset developed by Foster, i.e. a document software platform related to EIM services based on the ALFRESCO platform whereby the Parent Company provides EIM services to its customers. The integration of the Aedera business unit came with the K-File platform. The whole set makes up the WIIT Digital Platform to provide a more complete range of services to customers.

Allocation of the Aedera purchase price resulted in an increase of Euro 1,557 thousand in assets, bringing the total value to Euro 1,887 thousand. The amortisation of Euro 156 thousand for the digital platform was recognised to the "Amortisation, depreciation and write-downs" account.

Development costs

Development activities, mainly conducted by the Parent Company, include costs incurred both internally and externally and mainly regard the development of ICT infrastructure. This infrastructure enables the WIIT Group to provide its services effectively and competitively. They are substantially for installing the IT platforms and the framework through which the Group issues and manages contractually covered services and interfaces with customers. IT Security is one of the services in which the Group is heavily investing R&D, as demand from customers is expected to significantly rise. In fact, the cost of the assets is mainly related to installing the "Wiit Cyber Security Roadmap", infrastructure and services for managing the IT security of all Systems at WIIT's Data Centers or at other customer Data Centers, both for in-house Systems at Wiit and those of Customers to whom Wiit provides its Services. Development costs include those regarding the "Wiit Orchestrator" project. This project permits the activation, monitoring and central management of systems which may be active both in "private cloud" environments and in "hosted private cloud" and "public cloud" environments. The platform also allows the end customer to manage independently from an operating viewpoint some of its environments hosted in the Wiit cloud or in other Clouds.

In addition to the “WIIT Cloud Orchestrator” project, as described above, the infrastructure also includes some of the initial features of the “WIIT Cyber Security Roadmap” macro project.

An additional development project focused on “Electronic invoicing”.

The Electronic Invoices management services which WIIT shall provide on conclusion of the project, also through third party intermediaries, cover the “End to End” management of incoming and outgoing tax documents, entirely ensuring compliance with the applicable regulations.

The services involve the activation with a software platform based on the Alfresco document system, with which users can manage tax documents.

The created platform presents a specific “Finance” area with custom visualisation, research, exporting and document sharing functionalities.

Integration functionalities with the ERP systems (e.g. SAP) were developed for the management of the receivables and payables cycle, which allow for the sending of customer invoices and the automatic registration and accounting of supplier invoices.

Communication interphases were developed to enable the transmission and exchange of data with intermediaries to the SDI of SOGEI (MEF) in order to manage the sending of customer invoices regarding the receivables cycle and the receipt of supplier invoices for the payables cycle.

In order to monitor communication activities between the various components (ERP, Alfresco platform and intermediary systems) a reporting system was developed which manages the analysis of documents prepared and the outcome of communications, providing punctual responses to users (e.g. via e-mail) on any errors or unsuccessful integrations.

Finally, the system permits the management of the digital storage process with regards to the receivables and payables cycle, interfacing with the chosen provider.

The Wiit Digital Platform is built with integrated applications and other technology assets that can be activated progressively based on the specific needs of the customer in order to support the execution of their specific processes regardless of their location.

The Wiit Digital Platform has been designed and rolled out to support and integrate with the Enterprise Application systems of our customers (ERP, SCM, CRM and E-Commerce), in order to digitalise and further streamline the management of primary processes (Customer Engagement Processes) and secondary processes (Operational Support Processes) in complex organisations, favouring collaboration and lead times.

It should be noted that a portion of the development costs has been recognised among assets in progress, as the related projects have yet to be completed.

Assets in progress

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

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

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

Developments related to the [Wiit Digital Platform](#) for 2020 mainly refer to the "functional" and "technological" upgrade and development of all main components of the Wiit Digital Platform in order to achieve the following primary objectives:

- to facilitate the proposal of new features in order to promote the upselling and cross-selling of new services to all customers that use software solutions and add-on applications developed by Wiit
- to introduce, by way of research and development, new proprietary and third-party technological components with which to promote innovation in the systems and services offered via the Wiit Digital Platform
- to manage a process of constant upgrades to the application assets of the Wiit Digital Platform in order to support compatibility with third-party middleware and software (e.g. operating systems, browsers, APIs, databases, etc.)

The above projects and functionalities are in addition to other existing functionalities which together represent the Group'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, 2020, the Group had total goodwill of Euro 56,660 thousand allocated to the two cash-generating unit (CGUs) through which the Group operates. Of the total goodwill, Euro 24,664 thousand was allocated to the Italy CGU and Euro 31,996 to the International CGU.

This goodwill came mainly out of 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 S.r.l. in July 2018 for Euro 8,030 thousand;
- the acquisition of the 60% interest in Matika S.p.A. in 2019 for Euro 7,054 thousand;
- the acquisition of 60% of Etaeria S.p.A. during the year for Euro 5,563 thousand, for further details of which see the note “Business combinations”;
- the acquisition of the Aedera business unit (Kelyan Group) during the year for Euro 1,508 thousand, for further details of which see the note “Business combinations”;
- the full acquisition of myLoc Managed IT AG during the year for Euro 31,996 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 confirmed operation, within Italy, on the basis of a single CGU for Italy, inasmuch as it is believed that the Group, even after the acquisitions during the current and previous years, 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, Matika and Etaeria’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, Matika and Etaeria;
- 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 and Etaeria 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 and Etaeria;
- f) loan management is conducted by WIIT;
- g) company management oversees the Group’s Italy operations in a unitary fashion, preparing a single reporting set used to take decisions and monitor business performance.

With regards to the “Overseas” CGU, the Directors considered the newly-acquired myLoc to be a separate CGU as generating independent cash flows and considering the fact that it currently operates without undertaking transactions with the other Italian companies.

Impairment test

The recoverability of assets with indefinite lives was valued at December 31, 2020 in an impairment test conducted on the basis of the 2021-2023 forecast, which was approved by the Board of Directors on March 17, 2021.

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

The recoverable amount of the CGU's 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 2021-2023 business plan approved by the Board of Directors.

With regards to the two CGU's identified (Italy and overseas), the following details are reported:

ITALY CGU

(WACC) of 7.73% and long-term growth rate (g-rate) of 1.22% (OECD estimated Italian GDP growth).

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

- Financial structure in line with the structure estimated by Prof. Aswath Damodaran 2021 for the internet software sector with the formula of the average sector Debt/Equity ratio of 22.09%;
- Unlevered beta for the sector: 0,641 (Value estimated by Prof. Aswath Damodaran (2021) for the Software/Internet sector, based on a sample of comparable European companies);
- Risk-free rate: 1.18% - according to the estimates by Professor P. Fernandez, 2020, for the Italian market;
- Risk premium: 6.10% (attributable to the Italian market by Prof. Fernandez, 2020);
- Additional risk premium: 3.49%
- Cost of debt: 0.91% (after-tax), consistent with the Group's cost of debt.

Key assumptions used in the calculation of value in use

The significant plan assumptions include revenue growth for the explicit period with a CAGR of approximately 8% per annum on the basis of the past performance of the recurring fee backlog, for which the Italy CGU 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.

Sensitivity and variations in assumptions

The "sensitivity" analysis carried out by Management led to the following results:

- the impairment test reaches a break-even level using a WACC of 22.90% (keeping the increase in Terminal Value 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 operating result net of taxes (NOPAT) (keeping all other plan assumptions unchanged) of - 84.90%;
- the impairment test reaches a break-even level using a g-rate of -24.46% (keeping all other assumptions of the plan 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 ongoing 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 2021 confirmed the growth levels underpinning the plan.

OVERSEAS CGU

(WACC) of 5.96% and long-term growth rate (g-rate) of 1.36% (OECD estimated Italian GDP growth).

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

- Financial structure calculated with the Hamada formula using average sector Debt/Equity ratio of 131.08%;
- Unlevered beta for the sector: 0,641 (Value estimated by Prof. Aswath Damodaran (2021) for the Software/Internet sector, based on a sample of comparable European companies);
- Risk-free rate: 0.40%, according to the estimates by Professor P. Fernandez, 2020, for the Italian market;
- Risk premium: 5.70% (attributable to the Italian market by Prof. Fernandez, 2020);
- Additional risk premium: 3.49%
- Cost of debt: 2.19% (after-tax), consistent with the Group's cost of debt.

Key assumptions used in the calculation of value in use

The significant plan assumptions include revenue growth of approximately 8% per annum on the basis of the past performance of the recurring fee backlog: the Company has a significant backlog, equal to 69% 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.

Sensitivity and variations in assumptions

The “sensitivity” analysis carried out by Management led to the following results:

- the impairment test reaches a break-even level using a WACC of 11.05% (keeping the increase in Terminal Value unchanged at 1.36%, along with all plan assumptions);
- the impairment test reaches a break-even level with a significant reduction of the terminal value operating result net of taxes (NOPAT) (keeping all other plan assumptions unchanged) of 7.54%;
- the impairment test reaches a break-even level using a g-rate of -4.84% (keeping all other assumptions of the plan 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 ongoing 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 2021 confirmed the growth levels underpinning the plan.

3. OTHER TANGIBLE FIXED ASSETS

31/12/2020	31/12/2019	Changes
34,501,502	19,062,636	15,438,866

Movements of Intangible Assets over the last two years:

Description	31/12/2018	Increases	Business combinations	Decreases	Depreciation	31/12/2019
Rights-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

Description	31/12/2019	Increases	Business combinations	Decreases	Depreciation	31/12/2020
Rights-of-use	5,706,818	1,428,364	3,699,682	(14,963)	(1,768,973)	9,050,928
Property, plant and equipment	3,208,450	13,756	67,876	0	(872,654)	2,417,429
Other tangible assets	10,147,369	4,412,688	14,181,924	(170,420)	(5,538,415)	23,033,146
Total	19,062,636	5,854,809	17,949,483	(185,383)	(8,180,042)	34,501,502

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

Description	Historical cost	Accumulated depreciation	Increases	Write-downs	Net value
Rights-of-use	7,740,301	2,033,483	-	-	5,706,818
Property, plant and equipment	9,514,313	6,305,863	-	-	3,208,450
Other tangible assets	17,385,690	7,238,321	-	-	10,147,369
Total	34,640,304	15,577,667	-	-	19,062,636

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

“Plant and machinery” include the costs for all tangible assets comprising the “core” of the company and in particular the Milan, Castelfranco Veneto and Dusseldorf 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. The increases in the year relate to new orders.

In 2020, the Group recognised the increase for business combinations of approx. Euro 15 million concerning the myLoc purchase price allocation process (currently provisional) regarding the Data center owned by myLoc located in Düsseldorf. Reference should be made to the “Business combinations” paragraph for further details and whose amortisation of Euro 684 thousand is recognised to the “Amortisation, depreciation and write-downs” account.

Rights-of-use (recognised separately)

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, which are recognised separately and comprise:

Description	31/12/2019	Increases	Business combinations	Decreases	Reclassification	Depreciation	31/12/2020
<i>Rights-of-use</i>							
Rental cars	512,064	169,132	529,081	(14,963)	67,321	(383,029)	879,605
Property leases	5,194,754	1,253,409	0	0	(67,321)	(1,312,357)	5,068,485
Total	5,706,818	1,422,541	529,081	(14,963)	0	(1,695,386)	5,948,090

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

Description	Historical cost	Accumulated depreciation	Increases	Write-downs	Net value
<i>Rights-of-use</i>					
Rental cars	995,682	(427,460)	0	0	568,222
Property leases	6,998,247	(1,859,651)	0	0	5,138,596
Total	7,993,929	(2,287,112)	0	0	5,706,817

Description	31/12/2019	Increases	Acquisitions	Decreases	Depreciation	31/12/2020
<i>Rights-of-use</i>						
EDP	4,069,007	2,171,953	3,456,966	0	(2,375,648)	7,322,277

Total	4,069,007	2,171,953	3,456,966	0	(2,375,648)	7,322,277
Description	Historical cost	Accumulated depreciation	Increases	Write-downs	Net value	
Rights-of-use						
EDP	9,391,123	(5,322,117)		0	4,069,007	
Total	9,391,123	(5,322,117)	0	0	4,069,007	

Rights-of-use concerning EDP relate to the assets recognised to “Other tangible assets” acquired through finance leases. The equipment acquired to date will be redeemed at the end of the contract.

4. EQUITY INVESTMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS

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

Company	31/12/2020	31/12/2019
Commit	81,858	60,861
Other investments	5	0
Total	81,863	60,861

Associated companies:

Company	City	S.C.	Net Equity	Profit/(loss)	% Held	Value	Changes Carrying amount and N.E.
Commit	Florence	119,000	409,289	26,205	20.00%	81,858	0

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

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 31.12.20, this account concerning non-current assets from contracts amounts to Euro 217,174 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 85,487, refers to products intended for sale.

7. TRADE RECEIVABLES AND TRADE RECEIVABLES FROM ASSOCIATES

The account consists of:

Description	31/12/2020	31/12/2019	Change
Trade receivables	8,863,182	6,836,314	2,026,868
Doubtful debt provision	(898,026)	(393,719)	(504,307)
Total	7,965,156	6,442,595	1,522,561

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	31/12/2020	31/12/2019	Change
Italy	7,050,685	6,661,815	388,870
EU countries	1,548,501	121,825	1,426,676
Non-EU countries	263,996	52,674	211,322
Doubtful debt provision	(898,026)	(393,719)	(504,307)
Total	7,965,156	6,442,595	1,522,561

Receivables in EU countries mainly relate to the subsidiary myLoc Managed IT AG.

The changes in the doubtful debt provision in the year ended December 31, 2020 were as follows:

Balance at 31.12.2019	393,719
Initial provision companies acquired	380,825
Expected credit loss (IFRS 9)	23,482
Utilisation in the period	-
Provision in the period	100,000
Total	898,026

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

The Provision in the year concerns a partially uncollectible receivable. No utilisations were made in the year.

The breakdown of receivables by due date is outlined below.

	31/12/2020	Overdue 1-30	Overdue 31-60	Overdue 61-90	Beyond 90	Not overdue
Trade receivables	8,863,181	523,664	323,707	683,463	3,122,185	4,227,337
Doubtful debt provision	(898,026)	(12,688)	(8,345)	(20,793)	(676,622)	(179,578)
TOTAL	7,965,155	510,976	315,362	662,670	2,445,563	4,047,759

"Trade receivables from associated companies" due within 12 months amount to Euro 35,713 and concern normal commercial transactions during the period with the associate Commit S.r.l.

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

Description	31/12/2020	31/12/2019	Change
Assets from contracts	223,325	269,325	(46,000)
Tax receivables	1,778,639	1,914,738	(136,099)
Receivables from others	1,822,739	410,466	1,412,273
Total	3,824,703	2,594,529	1,230,174

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 mainly the IRES receivable for Euro 53,473, arising before participation in the tax consolidation, IRAP payments on account of Euro 17,179 thousand and receivables from Wiit Fin for the tax consolidation for Euro 1,622 thousand, which include the patent box benefit relating to the years 2015-2019 of the Parent Company.

Other receivables mainly refer to advances to suppliers and the employee expense fund.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of Euro 18,242,212 at December 31, 2020 exclusively comprise current account balances.

It should be noted that during the year the entire amount of securities recognised to this account identified as cash equivalents at December 31, 2019 were disposed of. The proceeds were used to purchase the controlling shareholdings in Etaeria S.p.A. and the Aedera business unit. 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, 2020, the shares in circulation therefore numbered 2,652,066.

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

Shares	Number
Ordinary	2,652,066

Treasury shares

The amount of Euro 11,100,158, classified to other reserves, concerns the acquisition price of the 148,876 treasury shares which Wiit S.p.A. acquired in the period from November 2017 to November 2020, 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 30.11.2018 – 18.03.2019 and latterly on 29.04.2020.

The buy-back plan is for the acquisition of WIIT S.p.A. shares, 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. During the year, 7,355 treasury shares were used for the payment of earn-out for 6,434 and for the MBO with regards to the residual portion regarding the Adelante Srl transaction. The countervalue (gain) was recognised to a distributable equity reserve.

Non-controlling interests

Company	Percent non-controlling interests	Local currency	Total assets	Total Net Equity	Net Revenues	Net Profit for the year	Total dividends distributed
MATIKA SPA	40%	EUR	7,487,272	4,079,974	9,575,151	1,375,873	800,000
ETAERIA SPA	40%	EUR	3,166,201	1,249,886	7,478,819	489,699	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	2020	2019
Net profit for the year	1,594,498	5,007,793
Average number of ordinary shares, net of treasury shares	2,503,190	2,567,798
Basic earnings per share (Euro per share)	0.63	1.95
Diluted earnings per share (Euro per share)	0.63	1.95

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	4,847,988	16,663,902
Adjusted shareholders' equity and results of the consolidated companies attributable to the Group	2,584,907	12,814,946
Elimination of the net carrying amount of the consolidated investees	-	(14,360,031)
Elimination of dividends from subsidiaries	(4,639,806)	-
Distribution of dividends to non-controlling interests	(320,000)	-
Consolidated	2,473,088	15,118,817
Attributable to non-controlling interests	878,591	878,591

Net financial debt

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

	31/12/2020 Consolidated	31/12/2019 Consolidated
A - Cash and cash equivalents	18,242,212	8,990,107
B - Securities held for trading	0	0
C - Liquidity (A)+(B)	18,242,212	8,990,107
D - Current financial assets	13,482	647000
E - Current bank payables	(3,885,074)	(5,273,589)
F - Other current financial liabilities	(8,124,085)	(6,181,406)
G - Payables to other lenders	(6,517,799)	(3,824,059)

H - Current financial debt (D)+(E)+(F)+(G)	(18,513,476)	(14,632,054)
I - Current net financial debt (H) - (C)	(271,264)	(5,641,947)
J - Bank payables	(72,984,366)	(7,092,425)
K - Payables to other lenders	(11,409,366)	(6,075,111)
L - Other non-current financial liabilities	(10,945,144)	(5,822,758)
M. Non-current financial debt (J)+(K)+(L)	(95,338,876)	(18,990,294)
N - Net financial debt (I) + (M) of the Group	(95,610,140)	(24,632,240)

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	31.12.2019	Cash flow [1]	Long-term - short-term reclassifications	New Funding	Business combinations	OTHER	Non-monetary flows		31.12.2020
							Rights-of-use	Other changes	
Non-current payables to other lenders	(6,611,209)		2,819,272	0	(4,575,088)	0	(3,042,341)	0	(11,409,367)
Medium/long-term loans and borrowings	(7,192,300)	2,814,760	(68,987)	(68,537,839)	0	0	0	0	(72,984,366)
Other non-current financial liabilities	(12,890,437)		3,229,794	0		(639,763)		(644,738)	(10,945,144)
Payables to other lenders - current	(4,000,234)	4,468,132	(2,819,272)	0	(2,290,399)	(395,557)	(1,480,469)	0	(6,517,799)
Short-term loans and borrowings	(5,443,457)	2,818,157	68,987	(1,099,661)				(229,100)	(3,885,074)
Other current financial liabilities	(1,479,663)	692,205	(3,229,794)	0	(1,679,810)	(1,795,224)		(631,799)	(8,124,085)
Current financial assets	0	(609,329)	0	0	622,811	0	0		13,482
Net liabilities from financing activities	(37,617,301)	10,183,925	(0)	(69,637,500)	(7,922,486)	(2,830,544)	(4,522,810)	(1,505,637)	(113,852,353)
Liquidity	11,836,359	(10,183,925)	0	69,637,500	(53,047,722)		0	0	18,242,212
Net financial debt	(25,780,942)	0	(0)	0	(60,970,208)	(2,830,544)	(4,522,810)	(1,505,637)	(95,610,140)

11. PAYABLES TO OTHER LENDERS

Description	31/12/2020	31/12/2019	Change
Lease payables	4,684,512	3,042,242	1,642,270
Financial payables	1,833,287	957,992	875,295
Total current	6,517,799	4,000,234	2,517,565
Lease payables	4,234,377	5,190,071	(955,694)
Financial payables	7,174,989	1,421,138	5,753,851
Total non-current	11,409,366	6,611,209	4,798,157
Total	17,927,165	10,611,443	7,315,722

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 mainly concern lease payables (Right-of-use)

12. BANK PAYABLES

The bank payables at 31.12.2020 of Euro 76,869,440 include the payable for loans and indicates the effective payable for capital, interest and accessory charges matured and due. The loans are not secured by sureties or other forms of guarantee. The current portion is Euro 3,885,074, while the long-term portion is Euro 72,984,366.

ISSUING ENTITY	Current	Non-Current	Total	Maturity	Interest Rate
INTESA SAN PAOLO	378,167	0	378,167	30/04/2021	FIXED 0.75%
CREDITO VALTELLINESE	0	4,000,000	4,000,000	05/12/2026	FIXED 1.15%
CREDITO VALTELLINESE	380,264	255,494	635,758	05/04/2022	FIXED 1.25%
CARIGE	158,873	10,683	169,556	31/01/2022	FIXED 1.30%
INTESA SAN PAOLO	334,065	672,602	1,006,667	14/03/2022	FIXED 0.89%
MONTE DEI PASCHI DI SIENA	0	0	0	30/06/2023	EUR6M+0.7%
MONTE DEI PASCHI DI SIENA	0	2,000,000	2,000,000	30/11/2026	EUR6M+0.594%
CREDEM	627,603	379,088	1,006,691	08/07/2022	FIXED 0.67%
INTESA SAN PAOLO	495,177	2,685,281	3,180,458	30/11/2023	FIXED 1.05%
CREDEM	311,031	503,744	814,775	02/10/2023	FIXED 0.75%
CREDITO VALTELLINESE	0	2,500,000	2,500,000	05/01/2028	FIXED 1.5%
BANCO BPM (*)	403,004	1,747,651	2,150,655	30/06/2026	FIXED 1.55%
BANCO BPM (*)	0	2,351,371	2,351,371	30/06/2026	FIXED 1.85%
INTESA SAN PAOLO (*)	403,004	1,747,651	2,150,655	30/06/2026	FIXED 1.55%
INTESA SAN PAOLO (*)	0	2,351,371	2,351,371	30/06/2026	FIXED 1.85%
INTESA SAN PAOLO LINE D	0	49,111,888	49,111,888	18/03/2022	EUR6M+0.50%
INTESA SAN PAOLO (*)	0	2,333,993	2,333,993	31/12/2024	FIXED 1.35%

BANCO BPM	213,130	14,303	227,434	31/03/2022	EUR3M +1.0%
CREDEM	180,756	319,244	500,000	05/08/2023	FIXED 0.67%
Total	3,885,074	72,984,366	76,869,440		

(*) At December 31, 2020, the indicated loans were agreed in January 2020 with a banking syndicate comprising Banca IMI S.p.A. (now Intesa Sanpaolo S.p.A.), as arranger and agent bank, and Intesa Sanpaolo S.p.A. and Banco BPM S.p.A. as lending banks. These loans are guaranteed by IRS interest rate hedges.

It should also be noted that during the year the Company entered into an agreement amending the above contract, including, among other conditions, the opening of a new line (Line D). This amending agreement also provides for compliance with negative pledges and financial covenants to be measured every six months, such as:

- EBITDA/Net Financial Charges ratio
- NFP/EBITDA ratio

All covenants had been complied with at December 31, 2020.

For further details, reference should be made to the Directors' Report and in particular the *Funding agreement* paragraph of the "Governance and significant events" section.

13. OTHER FINANCIAL LIABILITIES

Description	31/12/2020	31/12/2019	Change
Other non-current payables to third parties	10,945,144	12,890,437	(1,945,293)
Other current payables to third parties	8,124,085	1,479,663	6,644,422
Total	19,069,229	14,370,100	4,699,129

Description	Current	Non-Current	Total
Payables for Adelante acquisition	1,864,344	3,161,194	5,025,539
Payables for Matika acquisition	3,540,913	3,565,376	7,106,289
Payables for Etaeria acquisition	1,447,736	2,061,062	3,508,798
Payables for Aedera acquisition	626,353	0	626,353
Other financial payables	644,738	2,157,512	2,802,250
Total	8,124,085	10,945,144	19,069,228

Other financial payables concern the factoring payables and the derivatives contract payables.

14. EMPLOYEE BENEFITS

Description	31/12/2020	31/12/2019	Change
Liabilities at January 1	1,983,998	1,259,295	724,703
Employees transferred	329,044	475,405	(146,361)
Financial expenses	(5,983)	(3,279)	(2,704)
Service cost	351,060	300,905	50,155
Payments made	(172,451)	(211,496)	39,045
Actuarial losses	171,689	163,168	8,521
Total post-employment benefits	2,657,358	1,983,998	673,360

Description	31/12/2020	31/12/2019	Change
Liabilities at January 1	0	0	0
Provisions in the year	246,931	0	246,931
Financial expenses	0	0	0
Service cost	(582)	0	(582)
Payments made	(62,000)	0	(62,000)
Actuarial losses	705	0	705
Total stay bonus	185,055	0	185,055
Total employee benefits	2,842,413	1,983,998	858,415

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

Financial assumptions

	31.12.2020	31.12.2019
Discount rate	Euro Curve Composite AA on 31.12.20	Euro Curve Composite AA on 29.12.19
Inflation	1.50%	1.50%

demographic assumptions

	31.12.2020	31.12.2019
Mortality rate	ISTAT 2019	ISTAT 2018
Personnel turnover	10% per year of all ages	10% per year of all ages
Advances	1.7% 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
1,500,681	195,534	1,434,585	186,568	1,572,401	205,327

Inflation rate sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,500,681	195,534	1,529,956	198,935	1,472,372	192,245

Salary increase sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,500,681	195,534	1,520,449	199,120	1,481,892	192,136

Probability of termination of employment sensitivity

Base scenario		+50% Prob. Departure		-50% Prob. Departure	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,500,681	195,534	1,394,866	180,039	1,720,717	229,235

Post-employment benefit percent advance sensitivity

Base scenario		+50% Advances		-50% Advances	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,500,681	195,534	1,506,191	196,524	1,495,019	194,516

With regards to specific management personnel, the company Wiit has stipulated a Stay Bonus to incentivise continuance at the company.

The bonus is fixed by individual agreement between the parties and consists of an amount paid in monthly instalments, provided that the beneficiary does not terminate employment with the company before December 31, 2023. Otherwise, or in the event of termination before that date (due to resignation or any other reason beyond the control of the Company), the beneficiary will be required to repay the fees paid to him/her up to that point.

On the basis of the provisions of IAS 19R, stay bonuses are included among "Other long-term employee benefits". These are therefore indemnities paid during the course of employment, which must be recognised using actuarial methods.

In terms of the international accounting standards, the valuation was carried out using the actuarial "Projected Unit Credit Method" (articles 67-69 of IAS 19R). As per IAS 19R, no Additional Disclosure is required for "Other long term employee benefits".

Description	31/12/2020	31/12/2019	Change
Liabilities at January 1	0	0	0
Provisions in the year	246,931	0	246,931
Financial expenses	0	0	0
Service cost	(582)	0	(582)
Payments made	(62,000)	0	(62,000)
Actuarial losses	705	0	705
Total stay bonus	185,055	0	185,055

15. DEFERRED TAX ASSETS & LIABILITIES

Description	31/12/20	31/12/2019	Change
Deferred tax assets	1,209,368	727,459	481,909
Deferred tax liabilities	(8,624,975)	(2,872,152)	(5,752,823)
Net position	(7,415,607)	(2,144,693)	(5,270,914)

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	Assessable	Tax
Total deferred tax assets at 31/12/19		727,459
Business combinations opening FTA	894,775	249,642
Temporary differences on goodwill	165,983	37,323
Temporary differences on directors remun., unpaid bonuses and other	150,705	75,913
IFRS 9 temporary differences	117,258	30,308
IAS 19 temporary differences	172,664	48,173
Temporary differences on derivative financial instruments	767,273	214,069
IFRS 15 temporary differences	269,457	(75,179)
IFRS 16 temporary differences	5,652	1,577
IAS 16 Temporary differences	(358,128)	(99,918)
Total deferred tax assets at 31/12/20		1,209,369
Economic effect in the period		45,622

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, OTHER PAYABLES AND OTHER NON-CURRENT LIABILITIES

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". They concern upfront fees for the set up of the service, which from 2019 has been managed in periodic fees and arise as a result of the application of IFRS 15.

They amount to Euro 447,960 thousand.

17. CURRENT INCOME TAX LIABILITIES

Description	31/12/2020	31/12/2019	Change
Treasury withholdings on third-party remuneration	58,758	25,593	33,165
Treasury IRAP payable	103,713	15,450	88,263
Treasury IRES and foreign taxes payable	312,572	529,558	(216,986)
Treasury IRPEF payable	636,612	132,759	503,853
VAT payables	27,258	12,093	15,165
Total	1,138,913	715,453	423,460

18. TRADE PAYABLES AND PAYABLES TO ASSOCIATED COMPANIES

The breakdown by region of trade payables is as follows:

Description	31/12/2020	31/12/2019	Change
Italy	5,320,489	4,341,847	978,642
EU countries	817,356	100,568	716,788
Non-EU countries	29,084	36,379	(7,295)
Total	6,166,929	4,478,794	1,688,135

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

"Payables to associated companies" for Euro 43,135 refer to commercial transactions with the subsidiary Comm.it S.r.l.

19. CURRENT LIABILITIES FROM CONTRACTS, OTHER PAYABLES AND OTHER CURRENT LIABILITIES

Description	31/12/2020	31/12/2019	Change
Current liabilities deriving from contracts	403,165	488,404	(85,239)
Social sec. institutions	485,504	575,803	(90,299)
Employee payables	1,375,764	996,339	379,425
Other current payables	1,787,730	1,230,777	556,953
Total	4,052,163	3,291,324	760,840

At December 31, 2020, the account concerns liabilities from contracts (short-term portion), consequent to the application of IFRS 15 for Euro 403,165.

At the beginning of 2021, 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 FROM SALES AND SERVICES

In 2020, sales revenues amounted to Euro 52,946,847, increasing Euro 19,035,389 over 2019 revenues of Euro 33,911,459.

Revenues by product line

	2020	%	2019	%
Sale of products	3,372,671	6.4%	2,792,033	8.2%
Provision of services	48,721,565	92.0%	30,934,697	91.2%
Other revenues and income	852,612	1.6%	184,729	0.5%
Total	52,946,847	100%	33,911,458	100%

Revenue by region

Description	2020	2019	Change
Italy	47,105,342	32,503,468	14,601,874
EU countries	4,625,272	217,389	4,407,883
Non-EU countries	1,216,233	1,190,601	25,632
Total	52,946,847	33,911,458	19,035,389

EU revenues reflect the contribution of sales by the subsidiary myLoc Managed IT AG.

The change in revenues reflects the contribution of the sales of the subsidiary Matika S.p.A., acquired in July 2019 and of the subsidiary Etaeria, acquired in January 2020.

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" relate to non-core product and services, mainly including Euro 403,049 relating to the tax credit which the parent company has received in relation to consultancy costs incurred for the regulated market listing. The residual portion, in line with the previous year, concerns the sale of non-core product and services.

22. PURCHASES AND SERVICES

Description	2020	2019	Change
Purchase of other services from third parties	11,793,503	6,552,869	5,240,634
Product acquisition cost	6,600,007	3,795,717	2,804,290
Directors	2,354,581	1,762,361	592,220
Electricity	1,184,571	386,773	797,798
Connectivity	1,146,770	1,015,077	131,693
Company car hire (non-lease component)	275,578	178,067	97,511
Property management expenses	238,263	94,664	143,599
Purchase of services from associated companies	131,745	243,990	(112,245)
Others	1,241,291	1,207,743	33,548
Total	24,966,310	15,237,262	9,729,049

The increase in “services from third parties” includes approx. Euro 2.4 million regarding costs incurred for the acquisitions of Etaeria Spa and myLoc Managed IT AG. Product acquisition costs refer to the purchase of software and hardware resold to customers.

The increase in costs for Directors concerns the companies Matika Spa (in 2019 only the initial six months since acquisition was considered), Etaeria and myLoc. Energy costs mainly concern myLoc Managed IT AG.

23. PERSONNEL COSTS

Description	2020	2019	Change
Wages and salaries	7,784,410	4,536,155	3,248,255
Social security charges	2,252,503	1,434,155	818,348
Post-employment benefits	419,372	258,394	160,978
Total	10,456,285	6,228,704	4,227,581

The average number of Group employees in 2020 was 296, compared to 163 in 2019.

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 11,198,881 and the accrual to the doubtful debt provision for Euro 123,482.

25. OTHER OPERATING COSTS

“Other operating costs” of Euro 414,075 include residual costs, including banking expenses and charitable donations. In 2020, Euro 100,000 was donated for the COVID-19 emergency.

26 CHANGES IN INVENTORIES

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

27. INCOME (CHARGES) FROM EQUITY METHOD

Measurement at equity of Comm.it Srl contributed a positive Euro 29,497 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

Description	2020	2019	Change
Bank interest	1,050,233	108,521	941,712
Interest expenses on leasing	56,904	102,100	(45,196)
Other financial expenses	295,560	228,600	66,960
Total	1,402,698	439,221	963,477

In 2020, the “Bank interest expense” account mainly included interest on the bank loans disbursed to the parent company during the year for Euro 478 thousand, commissions for the availability of funds for Euro 153 thousand and the IRS differential for Euro 83 thousand. The residual amount concerns the financial expense recognised in application of the amortised cost criterion, at which bank payables and other liabilities are recognised.

“Other financial expense” includes the discounting of the Earn-out acquired and the ineffective portion of the hedging derivatives subscribed in the year, corresponding to Euro 103 thousand.

30. EXCHANGE GAINS AND LOSSES

During 2020, the company realised net exchange losses of Euro 40,280, mainly arising following fluctuations in the US Dollar and the Swiss Franc against the US Dollar and the Euro.

31. INCOME TAXES

Description	2020	2019	Change
Current income taxes	(1,120,019)	370,562	(1,490,581)
Deferred tax income & charges	(32,684)	(112,179)	79,495
Total	(1,152,703)	258,383	(1,411,086)

Current income taxes include IRAP for Euro 138,583 and IRES for Euro 83,575. This does not include the pending Patent Box benefit for the 2020-2024 five-year period for the parent company WIIT SpA.

For Adelante, they include IRAP for Euro 60,495 and IRES for Euro 287,049, Matika IRES for Euro 423,746 and IRAP for Euro 95,227 and Etaeria IRES for Euro 228,830 and IRAP for Euro 36,666. The residual portion concerns the overseas companies, with myLoc Managed IT AG the largest component.

There are no tax losses carried forward.

Reconciliation of theoretical and current tax charge	Current income taxes in 2020		2020 IRAP	
	Assessable	Tax	Assessable	Tax
Consolidated profit before taxation	3,625,792			
Theoretical tax rate Income taxes (Italy, Germany, Switzerland, Albania)	726,156	20.03%		
Difference between (A) – (B) consolidated (Italy only)			15,252,475	
Average theoretical IRAP rate (Italy only, regions: Lombardy; Veneto; Piedmont; Tuscany)				4.36%
Theoretical tax charge		726,156		665,008
Temporary differences deductible in future years	970,772	194,421	377,627	16,465
Taxable permanent differences	396,340	79,377	2,629,557	114,649
Deductible temporary differences	772,330	154,678	592,330	25,826
Deductible permanent differences	582,804	116,721	2,923.00	127
IRAP deductions from IRES	57,118	11,439		
Tax amnesty			4,168,511	181,747
New permanent employee deductibility 2015 Stability Law			5,305,501	231,320
ACE Tax Break	249,403	49,949		
Assessable income	3,331,248			
Current income taxes for the year		667,166		
Consolidation adjustments to current income taxes		121,881		
Current effective income taxes for the year		789,047		
Effective IRES rate		21.76%		
Assessable IRAP			8,190,393	
Current IRAP income taxes				357,101
Consolidation adjustments to current taxes				26,129
Current IRAP for the year effective				330,972
Effective IRAP rate				2.17%

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

31.12.2020	Level 1	Level 2	Level 3
Other financial liabilities			
Matika put option			7,106,289
Adelante Group earn-out			3,325,539
Etaeria put option			3,508,798
Aedera Business Unit earn-out			626,353
Derivative financial instruments		870,557	0
Total	-	870,557	14,566,979

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 Etaeria and the earn-out granted to the former shareholder of the Adelante Group and to A&C Holding for the Aedera Business Unit 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).

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

FINANCIAL ASSETS As at 31.12.2020	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVPL	Total
Other non-current assets deriving from contracts	217,174	-	-	217,174
Other non-current assets	306,533	-	-	306,533
Non-current financial assets	523,707	-	-	523,707
Trade receivables	7,965,156	-	-	7,965,156
Trade receivables from Group companies	35,713	-	-	35,713
Current assets deriving from contracts	223,325	-	-	223,325
Other receivables and other current assets	3,601,378	-	-	3,601,378
Cash and cash equivalents	18,242,212	-	-	18,242,212
Current financial assets	30,067,784	-	-	30,067,784
Total financial assets	30,591,491	-	-	30,591,491

FINANCIAL LIABILITIES at 31.12.2020	Financial liabilities at amortised cost	Financial liabilities at FVOCI	Financial liabilities at FVPL	Total
Payables to other lenders	11,409,366	-	-	11,409,366
Bank payables	72,984,366	-	-	72,984,366
Other non-current financial liabilities	3,212,773	575,351	7,157,020	10,945,144
Non-current liabilities deriving from contracts	447,960	-	-	447,960
Other payables and non-current liabilities	0	-	-	0
Non-current financial liabilities	88,054,465	575,351	7,157,020	95,786,836
Payables to other lenders	6,517,799	-	-	6,517,799
Short-term loans and borrowings	3,885,074	-	-	3,885,074
Other current financial liabilities	418,919	191,726	7,513,440	8,124,085
Trade payables	6,166,928	-	-	6,166,928
Trade payables to associates	43,135	-	-	43,135
Current liabilities deriving from contracts	403,165	-	-	403,165
Other payables and current liabilities	3,648,998	-	-	3,648,998
Current financial liabilities	21,084,018	191,726	7,513,440	28,789,184
Total financial liabilities	109,138,483	767,077	14,670,460	124,576,020

With particular reference to payables classified as FVOCI financial liabilities, the Group manages its exposure to interest rate movement risks through the use of derivative financial instruments in the form of Interest Rate Swaps (IRS). It is indicated that as a result of the amendment to the loan contract signed by the parent company on September 17, 2020, which remodelled the credit line (line C), 75% of the fair value of the derivatives designated for this line are considered speculative and are therefore recognised to financial expenses in the income statement. The relative liability is presented below under FVPL liabilities, comprising Euro 69 thousand of "Other non-current financial liabilities" and Euro 34 thousand of "Other current financial liabilities".

The purpose of the derivative financial instruments is exclusively linked to the management of interest rate fluctuations connected to future monetary cash flows and no speculative activities are carried out.

For all hedging derivatives, the conditions set out in IFRS 9 for the application of hedge accounting (formal designation of the hedging relationship; documented, measurable and highly-effective hedging relationship) have been fully complied with and they have therefore been treated according to the "cash flow hedge" accounting method, which provides for the effective portion of profits or losses (intrinsic value) to be allocated to equity reserves at the contract date. Fair value changes subsequent to interest rate curve movements, always within the limits of the effective portion of the hedge, are also recognised to the equity reserve.

All derivatives financial instruments are therefore initially valued at fair value. After initial recognition, derivatives are measured at fair value and the related changes are recognised to FVOCI and/or the profit/(loss) for the year.

In the case of derivative contracts for which the full hedge provided for by applying the accounting standards is not undertaken, the reserve allocated up to the effective date will be gradually reversed to the income statement and subsequent changes in fair value will be recognised to the income statement from the ineffective date.

The table below shows the main characteristics of IRS derivatives in place at December 31, 2020:

Contract type	Trading Date	Counterparty	Currency	Maturity date	Notional value at December 31, 2020	MTM (mark to market)
Fixed rate - Amortising	09/01/2020	Banco BPM S.p.A.	EUR	31/12/2025	2,083,333	(31,453)
Fixed Rate - Amortising (*)	09/01/2020	Banco BPM S.p.A.	EUR	31/12/2025	4,166,667	(66,430)
Fixed Rate - Amortising (*)	09/01/2020	Banco BPM S.p.A.	EUR	31/12/2024	5,000,000	(68,856)
Fixed rate - Bullet	09/01/2020	Banco BPM S.p.A.	EUR	30/06/2026	2,500,000	(87,608)
Fixed rate - Bullet	09/01/2020	Banco BPM S.p.A.	EUR	30/06/2026	5,000,000	(180,892)
Fixed Rate - Amortising	09/01/2020	Intesasanpaolo SPA	EUR	31/12/2025	2,083,333	(31,482)
Fixed Rate - Amortising (*)	09/01/2020	Intesasanpaolo SPA	EUR	31/12/2025	4,166,666	(66,488)
Fixed Rate - Amortising (*)	09/01/2020	Intesasanpaolo SPA	EUR	31/12/2024	5,000,000	(68,564)
Fixed rate - Bullet	09/01/2020	Intesasanpaolo SPA	EUR	30/06/2026	2,500,000	(87,703)
Fixed rate - Bullet	09/01/2020	Intesasanpaolo SPA	EUR	30/06/2026	5,000,000	(181,081)
Total					37,499,999	(870,557)

(*) At December 31, 2020, these IFRS derivative instruments are in place although the underlying is not yet in place. However, the Company's Directors believe that, in light of the WiiT Group's inorganic growth strategy, the full drawdown of the underlying instruments (partially drawn down at the end of the financial year) is considered highly probable and have therefore proceeded to account for the fair value of these instruments in accordance with IFRS 9 (FVOCI).

As previously stated, the portion of the derivative relating to the line of credit restructured under the above amendment to the loan agreement, amounting to Euro 103 thousand, was however recognised to the income statement.

Financial liabilities by due date at December 31, 2020 are reported below:

December 31, 2020	Book value	Contractual cash flows	Within 1 year	From 1 to 5 years	Beyond five years
Bank loans	76,869,440	76,877,773	3,885,074	72,992,699	-
Finance leases	17,927,165	17,927,165	11,409,366	6,517,799	-
Trade payables	6,166,928	6,166,928	6,166,928	-	-
Other financial liabilities	19,069,229	19,069,229	8,124,085	10,945,144	-
Total	120,032,762.38	120,041,095.71	29,585,453.36	90,455,642.35	-

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, 2020 and December 31, 2019, 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 2020 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	73
	- Deloitte & Touche network	Italian subsidiaries	36
		Foreign subsidiaries	30
Other services	-Deloitte & Touche	Parent Company	
	- Deloitte & Touche network	Italian subsidiaries	-
		Foreign subsidiaries	252

Parent Company directors and statutory auditors' fees

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	01.01.2020 31.12.2020	Approval 2020 FS	500,000	0	73,148	573,148
Riccardo Mazzanti	Chairman of the Board of Directors	01.01.2020 31.12.2020	Approval 2020 FS	240,000	0	73,148	313,148
Francesco Baroncelli	Executive Director	01.01.2020 31.12.2020	Approval 2020 FS	230,000	0	27,819	257,819
Enrico Rampin	Executive Director	01.01.2020 31.12.2020	Approval 2020 FS	145,000	0	73,148	218,148
Amelia Bianchi	Director	01.01.2020 31.12.2020	Approval 2020 FS	30,000	0	0	30,000
Aldo Napoli	Independent Director	01.01.2020 31.12.2020	Approval 2020 FS	15,000	9,000	0	24,000
Annamaria Di Ruscio	Independent Director	01.01.2020 31.12.2020	Approval 2020 FS	15,000	9,000	0	24,000
Dario Albarello	Independent Director	01.01.2020 31.12.2020	Approval 2020 FS	15,000	21,000	0	36,000
Riccardo Sciutto	Independent Director	01.01.2020 31.12.2020	Approval 2020 FS	15,000	21,000	0	36,000
Luca Valdameri	Chairman Board of Statutory Auditors	01.01.2020 31.12.2020	Approval 2020 FS	18,000	0	0	18,000
Paolo Ripamonti	Statutory Auditor	01.01.2020 31.12.2020	Approval 2020 FS	12,000	0	0	12,000
Nathalie Brazzelli	Statutory Auditor	01.01.2020 31.12.2020	Approval 2020 FS	12,000	0	0	12,000

(*) Amounts net of social security contributions

Directors' and sole statutory auditor fees of the subsidiary Adelante S.r.l.

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	01.01.2020 31.12.2020	Approval 2020 FS	0	0	0	0
Francesco Baroncelli	Chief Executive Officer	01.01.2020 31.12.2020	Approval 2020 FS	0	0	0	0
Riccardo Mazzanti	Director	01.01.2020 31.12.2020	Approval 2020 FS	0	0	0	0
Enrico Rampin	Director	01.01.2020 31.12.2020	Approval 2020 FS	0	0	0	0
Chiara Grossi	Director	01.01.2020 31.12.2020	Approval 2020 FS	14,000	0	0	14,000
Fabrizia Pecunia	Sole Statutory Auditor	01.01.2020 31.12.2020	Approval 2020 FS	10,000	0	0	10,000

Directors' and Statutory Auditors' fees of the subsidiary Matika S.p.a.

Name and Surname	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	01.01.2020 31.12.2020	Approval 2021 FS	0	0	0	0
Riccardo Mazzanti	Director	01.01.2020- 31.12.2020	Approval 2021 FS	0	0	0	0
Francesco Baroncelli	Director	01.01.2020 31.12.2020	Approval 2021 FS	0	0	0	0
Enrico Rampin	Director	01.01.2020 31.12.2020	Approval 2021 FS	0	0	0	0
Stefano Dario	Chief Executive Officer	01.01.2020 31.12.2020	Approval 2021 FS	186,000	0	80,000	266,000
Luciano De Rugna	Director	01.01.2020- 31.12.2020	Approval 2021 FS	66,000	0	20,000	86,000
Giuseppe Malacarne	Director	01.01.2020- 31.12.2020	Approval 2021 FS	168,000	0	80,000	248,000
Luca Valdameri	Chairman Board of Statutory Auditors	01.01.2020 31.12.2020	Approval 2021 FS	3,500	0	0	3,500
Igor Parisi	Statutory Auditor	01.01.2020 31.12.2020	Approval 2021 FS	2,500	0	0	2,500
Francis De Zanche	Statutory Auditor	01.01.2020- 31.12.2020	Approval 2021 FS	2,500	0	0	2,500

Directors' and Statutory Auditors' fees of the subsidiary Etaeria S.p.a.

Name	Etaeria 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	15.01.2020 31.12.2020	Approval 2022 FS	0	0	0	0
Riccardo Mazzanti	Director	15.01.2020 31.12.2020	Approval 2022 FS	0	0	0	0
Francesco Baroncelli	Director	15.01.2020 31.12.2020	Approval 2022 FS	0	0	0	0
Michele Pagliuzzi	Director	15.01.2020 31.12.2020	Approval 2022 FS	5,000	0	13,757	18,757
Marco Pettinati	Chief Executive Officer	15.01.2020 31.12.2020	Approval 2022 FS	5,000	0	12,993	17,993
Luca Valdameri	Chairperson Board of Statutory Auditors	15.01.2020 31.12.2020	Approval 2022 FS	3,500	0	0	3,500
Paolo Ripamonti	Statutory Auditor	15.01.2020 31.12.2020	Approval 2022 FS	2,500	0	0	2,500
Guido Giovando	Statutory Auditor	15.01.2020 31.12.2020	Approval 2022 FS	2,500	0	0	2,500

Subsidiary Wiit Swiss SA directors' fees

Name	WIIT SWISS SA office	Period of office	Concl. of office	Fixed remuneration	Remuneration for committee participation	Non-equity variable remuneration	Total
Simone Bassi	Chairman of the Board of Directors	01.01.2020 31.12.2020	Approval 2020 FS	5,000	0	0	0
Alessandro Cozzi	Director	01.01.2020 31.12.2020	Approval 2020 FS	0	0	0	0

Directors' fees of the subsidiary ICT Watchers

Name	ICTW office	Period of office	Concl. of office	Fixed remuneration	Remuneration for committee participation	Non-equity variable remuneration	Total
Davide Rogai	Sole Director	01.01.2020 31.12.2020	Up to July 30, 2010	6,000	0	10,000	16,000

Directors' fees of the subsidiary myLoc Managed IT AG

Name	myLoc Office	Period of office	Concl. of office	Fixed remuneration	Remuneration for committee participation	Non-equity variable remuneration	Total
Christoph Herrnkind	Chief Executive Officer	01.10.2020 - 31.12.2020	Approval 2023 FS	48,133	0	0	48,133
Peter Hansen	Chief Technical Officer	01.10.2020 - 31.12.2020	Approval 2023 FS	25,317	0	0	25,317
Sascha Prütz	Chief Technical Officer	01.10.2020 - 31.12.2020	Approval 2023 FS	26,608	0	0	26,608

34. RELATED PARTY TRANSACTIONS

The table below reports the costs and revenues and receivables and payables from related party transactions:

	COSTS	WIIT Fin S.r.l.	WIIT S.p.A.	WIIT Swiss S.A.	Adelante S.r.l.	ICTW	MATIKA S.p.A.	COMM.IT Srl	Etaeria Spa	myLoc	TOTAL
	WIIT Fin S.r.l.	-	499,000	-	-	-	-	-	-	-	499,000
	WIIT S.p.A.	-	-	594,577	930,927	-	578,605	6,200	774,476	-	2,884,785
	WIIT Swiss S.A.	-	-	-	-	-	-	-	-	-	-
	Adelante S.r.l.	-	111,293	-	-	10,667	-	108,342	1,652	-	231,955
	ICTW	-	50,282	-	21,600	-	-	-	-	-	71,882
	MATIKA S.p.A.	-	50,969	-	3,560	-	-	-	-	-	54,529
	COMM.IT Srl	-	4,145	-	127,598	-	-	-	-	-	131,743
	Etaeria S.p.A.	-	2,902,165	-	48,336	-	-	-	-	-	2,950,501
	myLoc	-	-	-	-	-	-	-	-	-	-
	Total	-	3,617,855	594,577	1,132,020	10,667	578,605	114,542	776,128	-	6,824,395
	RECEIVABLES	WIIT Fin S.r.l.	WIIT S.p.A.	WIIT Swiss S.A.	Adelante S.r.l.	ICTW	MATIKA S.p.A.	COMM.IT Srl	Etaeria Spa	myLoc	TOTAL
	WIIT Fin S.r.l.	-	1,871,928	-	-	-	-	-	-	-	1,871,928
	WIIT S.p.A.	-	-	-	1,799,497	-	4,194,066	5,057	139,539	-	5,859,081
	WIIT Swiss S.A.	-	280,613	-	-	-	-	-	-	-	280,613
	Adelante S.r.l.	455,081	426,885	-	-	-	720	38,064	28,380	-	947,690
	ICTW	-	-	-	37,414	-	-	-	-	-	37,414
	MATIKA S.p.A.	-	41,864	-	-	-	-	-	-	-	41,864
	COMM.IT Srl	-	27,755	-	7,957	-	-	-	-	-	35,712
	Etaeria S.p.A.	-	117,301	-	-	-	-	-	-	-	117,301
	myLoc	-	-	-	-	-	-	-	-	-	-
	Total	455,081	2,766,346	-	1,844,869	-	4,193,346	43,121	111,159	-	9,191,604

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

	31.12.20	Of which related parties	31.12.19	Of which related parties
ASSETS				
Intangible assets	29,157,680		13,341,905	
Goodwill	56,660,268		17,604,960	
Property, plant and equipment	2,417,428		3,208,450	
Other tangible assets	23,033,145		10,147,369	
Rights-of-use	9,050,928		5,706,817	
Deferred tax assets	1,209,368		727,459	
Equity investments and other non-current financial assets	81,863		60,861	
Other non-current assets deriving from contracts	217,174		440,499	
Other non-current assets	306,533	250,000	291,779	250,000
NON-CURRENT ASSETS	122,134,387	250,000	51,530,099	250,000
Inventories	85,487		82,628	
Trade receivables	7,965,156		6,442,595	397,720
Trade receivables from associates	35,713	35,713	35,567	35,567
Current financial assets	13,482		0	
Current assets deriving from contracts	223,325		269,325	
Other receivables and other current assets	3,601,378	1,621,928	2,325,204	1,760,511
Cash and cash equivalents	18,242,212		11,836,359	
CURRENT ASSETS	30,166,752	1,657,640	20,991,678	2,193,798
TOTAL ASSETS	152,301,140	1,907,640	72,521,777	2,443,798

Other receivables of approx. Euro 1.7 million in 2019 and approx. Euro 1.6 million in 2020 concern the receivable for the tax consolidation of the parent company from Wiit Fin Srl.

CONSOLIDATED BALANCE SHEET

	31.12.20	Of which related parties	31.12.19	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	530,422		530,414	
Other reserves	(13,166,035)		(9,305,339)	
Reserves and retained earnings	3,389,210		2,273,488	
Translation reserve	(8,638)		11,579	
Group net profit	1,594,498		5,007,793	
NON-CONTROLLING INTEREST & GROUP SHARE. EQUITY	14,240,227	0	20,418,703	0
Non-controlling interest capital and reserves	0		0	
Non-controlling interest net profit	878,591		242,238	
Non-controlling interest shareholders' equity	878,591		242,238	
TOTAL SHAREHOLDERS' EQUITY	15,118,818	0	20,660,943	0
Payables to other lenders	11,409,366		6,611,209	
Bank payables	72,984,366		7,192,300	
Other non-current financial liabilities	10,945,144	5,405,258	12,890,437	12,890,437
Employee benefits	2,842,413		1,983,999	
Deferred tax liabilities	8,624,975		2,872,152	
Non-current liabilities deriving from contracts	447,960		851,125	
Other payables and non-current liabilities	0		8,394	
NON-CURRENT LIABILITIES	107,254,224	5,405,258	32,409,616	12,890,437
Payables to other lenders	6,517,799		4,000,234	
Short-term loans and borrowings	3,885,074		5,443,457	
Current income tax liabilities	1,138,913	455,081	715,453	
Other current financial liabilities	8,124,085	6,726,570	1,479,663	1,479,663
Trade payables	6,166,928		4,478,794	
Payables to associates	43,135		42,293	
Current liabilities deriving from contracts	403,165		488,404	
Other payables and current liabilities	3,648,998		2,802,920	
CURRENT LIABILITIES	29,928,097	7,181,651	19,451,218	1,479,663
LIABILITIES HELD-FOR-SALE	0	0	0	0
TOTAL LIABILITIES	152,301,140	12,586,910	72,521,777	14,370,100

The tax payables of approx. Euro 0.4 thousand in 2020 concern the receivable

for the tax consolidation of Adelante from Wiit Fin Srl.

Other non-current liabilities refer to the recognition of the earn-out and minorities of the acquired companies.

CONSOLIDATED INCOME STATEMENT

	2020	Of which related parties	Of which non- recurring income (charges)	2019	Of which related parties	Of which non- recurring income (charges)
REVENUES AND OPERATING INCOME						
Revenues from sales and services	52,094,235	114,542		33,726,729	478,661	
Other revenues and income	852,612		403,049	184,728		
Total revenues and operating income	52,946,847	114,542	403,049	33,911,458	478,661	0
OPERATING COSTS						
Purchases and services	(24,966,310)	(131,743)	(2,421,822)	(15,237,262)	(742,403)	(1,062,729)
Personnel costs	(10,456,285)			(6,228,704)		
Amortisation, depreciation & write-downs	(11,254,917)	(499,000)		(6,903,267)		
Provisions	0			0		
Other costs and operating charges	(1,227,659)			(381,993)		
Change Inventories of raw mat., consumables and goods	(10,223)			65,913		
Total operating costs	(47,915,394)	(630,743)	(2,421,822)	(28,685,314)	(742,403)	(1,063,729)
EBIT	5,031,453	(516,200)	(2,018,773)	5,226,144	(263,742)	(1,063,729)
Income (Charges) from Equity Method	29,497			(7,200)		
Financial income	7,821			251,945		
Financial expenses	(1,402,698)			(439,221)		
Exchange gains/(losses)	(40,280)			(40,020)		
PROFIT BEFORE TAXES	3,625,792	(516,200)	(2,018,773)	4,991,648	(263,742)	(1,063,729)
Income taxes	(1,152,704)			258,383		1,015,464
NET PROFIT FROM CONTINUING OPERATIONS	2,473,089	(516,200)	(2,018,773)	5,250,031	(263,742)	(48,265)
Net profit from discontinued operations	0	0	0	0	0	0
NET PROFIT	2,473,089	(516,200)	(2,018,773)	5,250,031	(263,742)	(48,265)

“Other revenues and income” includes Euro 403 thousand relating to the non-recurring tax credit, received in relation to consultancy costs incurred for the regulated market listing. The residual portion, in line with the previous year,

concerns the sale of non-core product and services. The amount of Euro 499 thousand refers to the lease contract with Wiit Fin Srl, classified under depreciation as established by IFRS16 "rights-of-use". In the previous year, the Patent Box benefit relating to previous years was classified as non-recurring.

35. COMMITMENTS

Guarantees granted

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

36. SUBSEQUENT EVENTS

On January 21, 2021, the Parent Company signed a five-year 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, the Parent Company signed the four-year renewal of its existing contract with one of the main operators providing Credit Management services for a value of approx. Euro 3.3 million. The scope of the contract, in addition to the renewal of the "Smart Working as a Service" service, has also been extended to WIIT's Cyber Security platform. In particular, the Customer has adopted innovative Data Governance services for its Hybrid Cloud environments that will also enable controlled access to proprietary confidential information. This extension confirms that Cyber Security is now a key element that customers recognize as an integral part of the Hybrid and Private Cloud model. The Customer has embarked on a major expansion and together with the growth of the business has seen an increase in the number of users needed to meet market demands, which have increased in the three-year period from less than 100 to about 400. WIIT's ongoing services - based on a consolidated governance model which meets and combines business and operational needs - has allowed users to operate at full capacity even amid the COVID-19 pandemic.

**Statement on the 2020 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 2020.
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, 2021

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 2020, 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 2020, 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 – 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 – R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

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Impairment test degli avviamenti

Descrizione dell'aspetto chiave della revisione

Il Gruppo iscrive nel bilancio consolidato al 31 dicembre 2020 avviamenti per complessivi Euro 56,7 milioni allocati alle cash generating unit ("CGU") Italia ed Estero, nelle quali si articola l'attività del Gruppo. 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 delle CGU è basata su stime e assunzioni della Direzione riguardanti, tra l'altro, la previsione dei flussi di cassa attesi delle CGU, desunti dal piano industriale con orizzonte temporale 2021 – 2023 approvato dal Consiglio di Amministrazione, 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 il 17 marzo 2021, 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 delle CGU e delle variabili chiave del modello di impairment, abbiamo considerato gli impairment test degli avviamenti un aspetto chiave della revisione del bilancio consolidato del Gruppo Wiit.

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 delle 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 2020 il Gruppo ha posto in essere le seguenti operazioni di aggregazione aziendale:

- Acquisizione del ramo d'azienda Aedera che ha quale core business la prestazione di servizi e soluzioni informatiche per la gestione documentale;
- Acquisizione del controllo di Etaeria S.p.A., società provider di servizi cloud e cyber security, 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;
- Acquisizione del controllo di myLoc managed IT AG, società di diritto tedesco provider di servizi cloud e colocation per le imprese e i privati, attraverso l'acquisizione de 100% del capitale sociale della stessa.

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 del ramo d'azienda Aedera ha comportato, alla data di acquisizione, l'iscrizione nel bilancio consolidato di immobilizzazioni immateriali (piattaforma software) per un ammontare pari a Euro 1,9 milioni, di cui Euro 1,6 milioni relativamente al maggior valore delle suddette attività immateriali, relative imposte differite pari a Euro 0,4 milioni e di un Avviamento pari a Euro 1,5 milioni. Tale acquisizione ha comportato altresì l'iscrizione di una passività relativa alla quota variabile del prezzo per complessivi Euro 0,6 milioni, che sarà dovuta sulla base di obiettivi reddituali per i periodi 2021 e 2022 attribuibili al ramo d'azienda.

L'allocazione a titolo definitivo dei valori di PPA derivanti dall'acquisizione di Etaeria 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 3,2 milioni, relative imposte differite pari a Euro 0,9 milioni e di un Avviamento pari a Euro 5,6 milioni determinato secondo il metodo del *full goodwill* ovvero valorizzando al fair value le interessenze dell'azionista 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 all'azionista di minoranza per complessivi Euro 3,0 milioni (al netto dell'acconto già versato di Euro 0,8 milioni), ciascuna per la rispettiva quota pari al 20% del capitale esercitabili nei 90 giorni successivi all'approvazione del bilancio di Etaeria 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 obiettivi reddituali che dovranno essere desunti dai bilanci di Etaeria S.p.a. disponibili alle date di esercizio.

Relativamente all'acquisizione di myLoc managed IT AG, la contabilizzazione è stata determinata su base provvisoria, come consentito dall'IFRS 3, in quanto alla data di redazione del bilancio consolidato non risultano finalizzati da parte degli Amministratori taluni processi valutativi come riportato nelle note illustrative dagli stessi. L'allocazione provvisoria dei valori di PPA ha comportato, tra l'altro, l'iscrizione nel bilancio consolidato alla data di acquisizione di immobilizzazioni immateriali (lista clienti) pari a Euro 9,8 milioni, di immobilizzazioni materiali (data center) pari 9,4 milioni, di cui Euro 6,8 milioni relativamente al maggior valore delle suddette attività immateriali, relative imposte differite pari a Euro 4,6 milioni e di un Avviamento pari a Euro 32 milioni.

In considerazione della rilevanza degli effetti delle operazioni descritte e della complessità legata agli aspetti valutativi connessi prevalentemente alla determinazione del fair value delle attività nette acquisite e alla valutazione delle 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 2020.

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 della passività assunte e per la stima, seppur provvisoria nel caso dell'acquisizione di myLoc managed IT AG, dei relativi fair value;
- analisi dei criteri adottati per la contabilizzazione e la valutazione delle passività iscritte per la quota variabile del prezzo di acquisto del ramo d'azienda Aedera;
- analisi dei criteri adottati per la contabilizzazione e la valutazione delle opzioni put detenute dall'azionista di minoranza di Etaeria S.p.A.;
- esame, anche tramite supporto di nostri esperti, 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 sull'operazione 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 2020, 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 2020 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 2020 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 2021

ANNUAL ACCOUNTS 2020

WiiT S.p.A
Financial Statements

Company:	Wit 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	01615150214
R.E.A. No.	1654427
Number of shares	2,652,066

BALANCE SHEET

		31.12.20	31.12.19
ASSETS			
Other intangible assets	1	7,048,640	3,474,109
Goodwill	1	4,028,781	2,521,040
Right-of-use	2	5,053,285	5,235,724
Plant and equipment	2	2,060,717	2,877,027
Other tangible assets	2	8,259,900	8,984,386
Deferred tax assets	15	821,197	625,193
Equity investments and other non-current financial assets	3	73,707,213	19,973,063
Other non-current assets deriving from contracts	4	217,174	440,499
Other non-current assets	4	288,712	279,312
NON-CURRENT ASSETS		101,485,619	44,410,353
Inventories	5	731	0
Trade receivables	6	5,684,337	3,882,783
Trade receivables from group companies	7	613,806	116,791
Current financial assets	8	1,094,920	647,000
Current assets deriving from contracts	8	223,325	269,324
Other receivables and other current assets	8	1,987,889	2,108,330
Cash and cash equivalents	9	13,324,350	8,990,107
CURRENT ASSETS		22,929,358	16,014,335
TOTAL ASSETS		124,414,977	60,424,688

BALANCE SHEET

		31.12.20	31.12.19
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	530,413
Other reserves		(13,152,231)	(9,305,343)
Reserves and retained earnings		2,536,962	87,606
Net profit		4,847,988	6,240,515
SHAREHOLDERS' EQUITY		16,663,902	19,453,961
Payables to other lenders	11	6,255,078	6,075,111
Bank payables	12	72,650,818	7,092,425
Other non-current financial liabilities	13	4,846,893	5,822,758
Employee benefits	14	1,685,736	1,282,889
Deferred tax liabilities	15	639,411	212,782
Non-current liabilities deriving from contracts	16	447,960	851,125
Other payables and non-current liabilities	16	0	0
NON-CURRENT LIABILITIES		86,525,896	21,337,090
Payables to other lenders	11	4,046,520	3,824,059
Short-term loans and borrowings	12	3,491,188	5,273,589
Current income tax liabilities	17	213,132	149,743
Other current financial liabilities	13	8,725,932	6,181,406
Trade payables	18	2,696,145	1,804,310
Trade payables to group companies	19	167,912	10,972
Current liabilities deriving from contracts	20	403,165	488,404
Other payables and current liabilities	16	1,481,184	1,901,154
CURRENT LIABILITIES		21,225,178	19,633,637
TOTAL LIABILITIES		107,751,074	40,970,727
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		124,414,976	60,424,688

INCOME STATEMENT

		2020	2019
REVENUES AND OPERATING INCOME			
Revenues from sales and services	21	25,547,439	22,369,288
Other revenues and income	21	575,672	132,993
Total revenues and operating income		26,123,111	22,502,281
OPERATING COSTS			
Purchases and services	22	(11,685,617)	(9,012,934)
Personnel costs	23	(4,954,883)	(4,257,374)
Amortisation, depreciation & write-downs	24	(7,252,064)	(5,851,714)
Provisions	-	0	0
Other costs and operating charges	25	(460,695)	(293,182)
Change Inventories of raw mat., consumables and goods	-	0	0
Total operating costs		(24,353,259)	(19,415,204)
EBIT		1,769,852	3,087,077
Write-down of equity investments	-	0	0
Financial income	26	4,642,155	2,773,805
Financial expenses	27	(1,306,636)	(428,277)
Exchange gains/(losses)	28	2,012	0
PROFIT BEFORE TAXES		5,107,383	5,432,605
Income taxes	29	(259,395)	807,910
NET PROFIT FROM CONTINUING OPERATIONS		4,847,988	6,240,515
NET PROFIT		4,847,988	6,240,515

Basic earnings per share (Euro per share)	1.92	2.43
Diluted earnings per share (Euro per share)	1.92	2.43

	2020	2019
NET PROFIT FROM CONTINUING OPERATIONS	4,847,988	6,240,515
<i>Items not reclassified subsequently to the income statement</i>		
Discounting Provisions for employee benefits (IAS19)	(96,279)	(101,649)
<i>Items reclassified subsequently to the income statement on meeting certain conditions:</i>		
Derivative financial instruments (IRS)	(767,273)	0
Tax effect of other comprehensive income items for the period	240,746	26,304
NET PROFIT FROM CONTINUING OPERATIONS	4,255,183	6,165,170



STATEMENT OF CHANGES IN 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 31.12.2018 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)
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
Net Result							4,847,988	4,847,988
Other comprehensive income					(622,805)			(622,805)
Total comprehensive income					(622,805)		4,847,988	4,225,183
Allocation of 2019 result								
Legal reserve								
Dividends paid							(3,791,159)	(3,791,159)
Carried forward						2,449,356	(2,449,356)	0
Use of treasury shares				425,957	286,041			711,998
Acquisition of treasury shares				(3,936,082)				(3,936,082)
Shareholders' Equity at 31.12.2020	2,652,066	19,248,704	530,414	(11,100,159)	(2,052,071)	2,536,960	4,847,988	16,663,902

CASH FLOW STATEMENT	2020	2021
Net profit from continuing operations	4,847,988	6,240,515
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	7,252,064	5,851,714
Change in employee benefits	333,245	106,644
Financial expenses	1,626,550	428,276
Income taxes	259,395	(807,909)
Other non-cash changes (deferred tax assets/liabilities)	6,100	56,099
Cash flow generated from operating activities before working capital changes	14,325,342	11,875,338
<i>Changes in current assets and liabilities:</i>		
Decrease (increase) in trade receivables	(2,401,332)	(366,214)
Increase (decrease) in trade payables	1,048,775	(1,073,324)
Increase (decrease) in tax payables	(196,006)	(297,198)
Decrease (increase) other current assets	(569,104)	(537,343)
Increase (decrease) in current liabilities	463,460	830,145
Decrease (increase) in other non-current assets	(9,400)	54,354
Increase (decrease) in other non-current liabilities	(284,405)	0
Decrease (increase) in assets deriving from contracts	269,324	329,905
Increase (decrease) in liabilities deriving from contracts	(488,404)	(765,604)
<i>Cash flow generated from operating activities</i>		
Income taxes paid	0	(53,013)
Interest paid/received	(1,306,636)	(294,006)
Net cash flow generated from operating activities (a)	10,851,614	9,703,040
Net increase intangible assets	(3,004,344)	(1,494,924)
Net increase tangible assets	(1,254,064)	(3,542,879)
Cash flows from business combinations - business units	(1,645,443)	0
Cash flows from business combinations - equity investments	(53,389,640)	3,890
Net cash flow used in investing activities (b)	(59,293,491)	(5,033,912)
New financing	69,137,500	7,000,000
Repayment of loans	(5,590,607)	(4,592,761)
Drawdown of payables to other lenders	0	1,061,467
Finance lease payables	(2,272,931)	(3,582,411)
Drawdown (settlement) other financial investments	923,397	(1,744,036)
Payment of deferred fees for business combinations	(1,694,000)	(1,410,000)
Distribution dividends	(3,791,159)	(2,328,575)
Acquisition of treasury shares	(3,936,082)	(4,308,026)
Net cash flow generated in financing activities (c)	52,776,119	(9,904,342)
Net increase/(decrease) in cash and cash equivalents a+b+c	4,334,241	(5,235,214)
Cash and cash equivalents at end of year	13,324,349	8,990,107
Cash and cash equivalents at beginning of year	8,990,108	14,225,321
Net increase/(decrease) in cash and cash equivalents	4,334,241	(5,235,214)

Notes to the financial statements at December 31, 2020

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 approximately 105 employees, the Company reports total revenues (including other revenues and income) of Euro 26.1 million in 2020.

These 2020 separate financial statements were authorised for publication by the Board of Directors on March 19, 2021.

ACCOUNTING POLICIES

Declaration and basis of preparation

The separate financial statements at December 31, 2020 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. References to “IFRS” also include the International Accounting Standards (IAS) in force, as well as the interpretations of the IFRS Interpretation Committee (IFRSIC), including those that were issued by the International Financial Reporting Interpretations Committee (IFRIC) and, before that, the Standing Interpretations Committee (SIC). For simplicity, these standards and interpretations are hereafter collectively stated as “International Financial Reporting Standards” or, simply, “IFRS”. 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. In addition, as per CONSOB motion No. 15519 of July 28, 2006, income and charges from non-recurring transactions, where present, are separately identified in the income statement.

Accounting policies

The main accounting policies adopted in the preparation of the financial statements at December 31, 2020, 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.

Acquisition of the Aedera S.r.l. business unit

On January 15, 2020, the Company signed a deed to acquire the business unit comprising the entirety of the information technology equipment, employees, and agreements with customers and suppliers for the IT document management services and solutions carried out by Aedera S.r.l., with registered office in Carpi (MO), via Delle Magliaie No. 12, Tax and VAT No. 03664700360 and with operating headquarters in Cuneo, Via della Magnina.

The unit's core business is the provision of IT services and solutions for document management and was wholly-owned by A & C Holding S.r.l. (Kelyan Group), which held also the company Etaeria S.r.l. (also acquired). The business unit also comprises 18 employees integrated into WIIT S.p.A. (1 executive, 1 senior manager, 16 white-collar staff).

The agreements stipulate the acquisition of the business unit in its entirety for original consideration of Euro 2.4 million. At December 31, 2020, the consideration paid was Euro 1.6 million, and the deferred consideration was Euro 0.6 million, subject to the achievement of the result objectives by the Aedera business unit. It should also be noted that, because the 2020 earnings targets were not reached, the related earn-out of Euro 159 thousand was not paid to the seller or recognised on the income statement.

The payment of the initial consideration was in cash, drawing on WIIT's available liquidity. The payment of the deferred consideration from the exercise of the options shall also be made in cash.

The values of the transaction are presented below.

In Euro	Fair Value of Net Assets Acquired
Intangible assets	1,985,118
<i>Of which K-File Platform</i>	<i>1,886,964</i>
Other tangible assets	11,630
Equity invest. & other financial assets	3,500
Inventories	731
Other non-current assets	40,371
Deferred tax liabilities	(434,393)
Other liabilities from business combination	(330,411)
Other payables and non-current liabilities	(256,706)
Employee benefits	(27,699)
Other payables and current liabilities	(55,974)
Total net assets acquired (fair value) (a)	936,167
Consideration for acquisition of control, including deferred consideration (b)	2,443,908
GOODWILL (b-a)	1,507,742
Payments made	(1,645,443)
Cash acquired	-
NET CASH FLOWS for AEDERA business combination	(1,645,443)
Total financial liabilities discounted for Aedera business combination	785,996
Failure to reach 2020 earn-out targets	(159,693)
Total financial liabilities discounted for Aedera business combination after price adjustment	626,303

As indicated in the table above, the transaction is a business combination in accordance with IFRS 3 as the net assets of the company Aedera Srl have been acquired. The above balances were recognised from the acquisition date of the business unit. The gain generated by the acquisition has been allocated for Euro 1,557 thousand to intangible assets, increasing the Software Platform's value (with an original carrying amount of Euro 330 thousand), the main asset used to provide SaaS services, for which a useful life of 10 years has been determined and the remainder for Euro 1,508 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.

The allocation in addition generated deferred taxes of Euro 434 thousand calculated on the value identified for the increase in the value of the Asset (Platform).

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

For the determination of the price allocation, the Group utilised an outside consultant.

In the period between the date of acquisition of control by the Group and the year-end closing date of December 31, 2020, the business unit reported total revenues of Euro 1.9 million. This figure is approximately the same as the revenues that would have been generated had the acquisition been executed on January 1, 2020.

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 useful 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 and trademarks (mainly software/user licenses) - 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
Other tangible assets:	
Equipment	5 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.

LEASED ASSETS RIGHT-OF-USE

Leased assets are recognised as tangible assets when the underlying lease agreement calls for the redemption of the asset by the Company, which mainly includes electronic machines. For lease agreements that do not call for redemption of the asset (mainly operating leases related to property and vehicle leases), the assets are recognised under "rights-of-use". Rights-of-use are recognised as a separate asset account 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, whereas assets under finance leases are recognised directly under the asset class to which they belong at the fair value of the asset specified under the related agreement in line with past policy.

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 Company 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 being 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 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: (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 includes 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.

PAYABLES

The trade and other payables are initially recorded at cost, which is the fair value of the amount paid less transaction costs. Subsequently, payables that have a fixed maturity are measured at amortised cost, using the effective interest method, while payables without 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 stand alone 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.

Revenues from the sale of products (mainly hardware and software) are however recognised at the point in time in which the hardware is delivered and the (software) license is granted.

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.

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, amortisation and depreciation, write-down of assets, employee benefits, income taxes and other provisions. In particular:

Recoverability of the value of equity investments, goodwill and tangible and intangible assets

The impairment testing procedure of equity investments, of goodwill, of the intangible and tangible assets described in the "Accounting policies" concerning "Equity investments", "Impairment of non-financial assets" and "Goodwill" implies - in the estimate of the value in use - assumptions concerning the expected cash flows, taken from the 2021-2023 business plans, by the company with regards to goodwill and the intangible and tangible assets and by the subsidiaries with regards to equity investments. The above expected cash flows were calculated on the basis of an appropriate discount rate (WACC) and the 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, in the presence of goodwill and the fact that the equity investments present a carrying amount in excess of the share of equity pertaining to the company, the Company's management has conducted an impairment test to determine whether the carrying amounts of the goodwill and of the equity investments in the financial statements as at December 31, 2020 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 Directors' Report.

Write-downs 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.

Adoption of new accounting standards

In the separate financial statements at December 31, 2020, Wijt S.p.A. has applied the international accounting standards entering into force from January 1, 2020, as outlined in the previous section in the consolidated financial statements, to which reference should be made. No particular impacts are reported from the new standards entering into force on January 1, 2020 and from those not yet entering into force or not endorsed for the company's separate financial statements.



Financial plan



Current financial situation

Putting your strategy into action is how your marketing plan should work. Marketing strategy is also how you're going to work with your customers through networking, advertising, etc.

Strategizing the right timing that fits your customers' buying cycles will help you maximize sales. The marketing plan should be innovative. It should have the details followed up and the activities you are doing to develop your offers.

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Exemptions

Income

Status

Personal Details

Headline Topic



BUSINESS

Economy Europe



1. INTANGIBLE ASSETS AND GOODWILL

	31/12/2020	31/12/2019	Changes
	11,077,422	5,995,149	(5,082,273)

Movements of Intangible Assets over the last two years:

Description	31/12/18	Increases	Business Combinations	Decreases	Amortisation	31/12/19
Goodwill	1,315,026	1,206,014	0	0	0	2,521,040
Goodwill	1,315,026	1,206,014	0	0	0	2,521,040

Description	31/12/18	Increases	Business Combinations	Decreases	Amortisation	31/12/19
Concessions and brands	352,886	1,029,530	0	0	(312,981)	1,069,435
Development costs	359,716	331,785	0	0	(206,218)	485,282
Assets in progress	888,740	943,355	0	(416,444)	0	1,415,650
Other intangible assets	499,308	292,185	0	(66,381)	(221,372)	503,741
Other intangible assets	2,100,650	2,596,855	0	(482,825)	(740,571)	3,474,109

Description	31/12/19	Increases	Business Combinations	Decreases	Amortisation	31/12/20
Goodwill	2,521,040	0	1,507,742	0	0	4,028,781
Goodwill	2,521,040	0	1,507,742	0	0	4,028,781

Description	31/12/19	Increases	Business Combinations	Transfers	Amortisation	31/12/20
Concessions and brands	1,069,435	1,313,711	1,891,522	0	(765,037)	3,509,632
Development costs	485,282	0	93,595	753,929	(383,589)	949,216
Assets in progress	1,415,650	1,264,466	0	(753,929)	0	1,926,189
Other intangible assets	503,741	426,167	0	0	(266,305)	663,603
Other intangible assets	3,474,109	3,004,344	1,985,118	0	(1,414,930)	7,048,640

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

Description	Historical cost	Accumulated amortisation	Revaluations	Write-downs	Net value
Goodwill	2,833,699	(312,659)	0	0	2,521,040
Goodwill	2,833,699	(312,659)	0	0	2,521,040

Description	Historical cost	Accumulated amortisation	Revaluations	Write-downs	Net value
Concessions and brands	1,565,959	(496,523)	0	0	1,069,436
Development costs	1,031,091	(545,811)	0	0	485,280
Assets in progress	1,832,096	(416,444)	0	0	1,415,652
Other intangible assets	1,170,293	(666,552)	0	0	503,741
Other intangible assets	5,599,439	(2,125,330)	0	0	3,474,109

Goodwill

At December 31, 2020 the company recorded goodwill for a total of Euro 4,029 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;
- the acquisition of the Aedera S.r.l. business unit (Kelyan Group), a provider of IT services and solutions for the digitalisation of companies in SAAS mode for Euro 1,508 thousand.

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 the goodwill was valued at December 31, 2020 through an impairment test, approved by the Directors on March 17, 2021, drawn up on the basis of 2021-2023 business plan approved on March 17, 2020, extrapolated for the parent company.

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

The recoverable amount of the goodwill 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 the company's expected cash flows according to the 2021-2023 business plan approved by the Board of Directors 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 7.73% and long-term growth rate (g-rate) of 1.22% (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:

- financial structure calculated with the Hamada formula using average sector Debt/Equity ratio of 22.09%;
- unlevered beta for the sector: 0,641 (Value estimated by Prof. Aswath Damodaran (2021) for the Software/Internet sector, based on a sample of comparable European companies);
- risk free rate: 1.18% - according to the estimates by Professor P. Fernandez, 2020, for the Italian market;
- risk premium: 6.10% (attributable to the Italian market by Prof. Fernandez, 2020);
- Additional risk premium: 3.49%
- cost of debt: 0.91% (after-tax), consistent with the Group's cost of debt.

The significant plan assumptions include revenue growth of over 10% per annum on the basis of the past performance of the recurring fee backlog (the Company has a significant backlog, equal to approximately 85% 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.

On the basis of the above assumptions, the independent expert has quantified the average enterprise value of the company as being significantly higher than the carrying amount.

The impairment test therefore did not indicate any loss in value as the calculated value was in excess of the carrying amount.

Sensitivity and variations in assumptions

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. The sensitivity analysis indicated that:

- the impairment test reaches a break-even level using a WACC of 27.37% (keeping the increase in Terminal Value unchanged at 1.22%, along with all plan assumptions);
- the impairment test reaches a break-even level with a significant reduction of the terminal value operating result net of taxes (NOPAT) (keeping all other plan assumptions unchanged) of 93%;
- the impairment test reaches a break-even level reducing the g-rate to 41.17% (keeping all other assumptions of the plan unchanged).

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

In addition, the sales, profitability and order performance for 2021 confirmed the growth levels underpinning the plan.

Concessions and brands

The account concerns the “Wiit Digital Platform” platform. These include both the application assets developed by Foster, concerning document management software solutions and those inherited from the acquisition of the Aedera business unit.

Development costs

Development activities include costs incurred both internally and externally and mainly regard the development of ICT infrastructure. This infrastructure allows WIIT to provide its services effectively and competitively. They are substantially for installing the IT platforms and the framework through which the Group issues and manages contractually covered services and interfaces with customers. IT Security is one of the services in which the Group is heavily investing R&D, as demand from customers is expected to significantly rise. In fact, the cost of the assets is mainly related to installing the “Wiit Cyber Security Roadmap”, infrastructure and services for managing the IT security of all Systems at WIIT’s Data Centers or at other customer Data Centers, both for in-

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

In addition to the “WIIT Cloud Orchestrator” project, as described above, the infrastructure also includes some of the initial features of the “WIIT Cyber Security Roadmap” macro project.

An additional development project focused on “Electronic invoicing”.

The Electronic Invoices management services which WIIT shall provide on conclusion of the project, also through third party intermediaries, cover the “End to End” management of incoming and outgoing tax documents, entirely ensuring compliance with the applicable regulations.

The services involve the activation with a software platform based on the Alfresco document system, with which users can manage tax documents.

The created platform presents a specific “Finance” area with custom visualisation, research, exporting and document sharing functionalities.

Integration functionalities with the ERP systems (e.g. SAP) were developed for the management of the receivables and payables cycle, which allow for the sending of customer invoices and the automatic registration and accounting of supplier invoices.

Communication interphases were developed to enable the transmission and exchange of data with intermediaries to the SDI of SOGEI (MEF) in order to manage the sending of customer invoices regarding the receivables cycle and the receipt of supplier invoices for the payables cycle.

In order to monitor communication activities between the various components (ERP, Alfresco platform and intermediary systems) a reporting system was developed which manages the analysis of documents prepared and the outcome of communications, providing punctual responses to users (e.g. via e-mail) on any errors or unsuccessful integrations.

Finally, the system permits the management of the digital storage process with regards to the receivables and payables cycle, interfacing with the chosen provider.

The Wiit Digital Platform is built with integrated applications and other technology assets that can be activated progressively based on the specific needs of the customer in order to support the execution of their specific processes regardless of their location.

The Wiit Digital Platform has been designed and rolled out to support and integrate with the Enterprise Application systems of our customers (ERP, SCM, CRM and E-Commerce), in order to digitalise and further streamline the management of primary processes (Customer Engagement Processes) and secondary processes (Operational Support Processes) in complex organisations, favouring collaboration and lead times.

It should be noted that a portion of the development costs has been recognised among assets in progress, as the related projects have yet to be completed.

Assets in progress

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

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

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

Developments related to the Wiit Digital Platform for 2020 mainly refer to the "functional" and "technological" upgrade and development of all main components of the Wiit Digital Platform in order to achieve the following primary objectives:

- to facilitate the proposal of new features in order to promote the upselling and cross-selling of new services to all customers that use software solutions and add-on applications developed by Wiit
- to introduce, by way of research and development, new proprietary and third-party technological components with which to promote innovation in the systems and services offered via the Wiit Digital Platform
- to manage a process of constant upgrades to the application assets of the Wiit Digital Platform in order to support compatibility with third-party middleware and software (e.g. operating systems, browsers, APIs, databases, etc.)

The above projects and functionalities are in addition to other existing functionalities which together represent the Group'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

31/12/2020	31/12/2019	Changes
15,373,902	17,097,137	(1,723,235)

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

Description	31/12/2018	Increases	Depreciation	31/12/2019
Rights-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 Rights-of-use included in the Other tangible assets account at December 31, 2019 are reported below, principally regarding EDP.

Description	31/12/19	Increases	Business combinations	Decreases	Depreciation	31/12/20
Rights-of-use	5,235,724	1,249,760	0	0	(1,432,200)	5,053,285
Rights-of-use	5,235,724	1,249,760	0	0	(1,432,200)	5,053,285

Description	31/12/19	Increases	Business combinations	Decreases	Depreciation	31/12/20
Property, plant and equipment	2,877,027	13,756	0	0	(830,066)	2,060,717
Other tangible assets	8,984,386	2,683,579	11,630	(17,674)	(3,402,021)	8,259,900
Other assets	11,861,413	2,697,335	11,630	(17,674)	(4,232,087)	10,320,617

The Rights-of-use included in the Other tangible assets account at December 31, 2020 are reported below, principally regarding EDP.

Description	Historical cost	Accumulated depreciation	Revaluations	Write-downs	Net value
Rights-of-use	7,109,369	(1,873,645)	0	0	5,235,724
Rights-of-use	7,109,369	(1,873,645)	0	0	5,235,724

Description	Historical cost	Accumulated depreciation	Revaluations	Write-downs	Net value
Property, plant and equipment	8,998,785	(6,121,759)	0	0	2,877,027
Other tangible assets	18,598,146	(9,613,760)	0	0	8,984,386
Other assets	27,596,932	(15,735,519)	0	0	11,861,413

"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. The increases in the year relate to new orders.

The rights-of-use recognised separately comprise:

Description	31/12/2019	Increases	Business combinations	Decreases	Depreciation	31/12/2020
<i>Rights-of-use</i>						
Rental cars	540,227	88,822	0	0	(248,404)	380,645
Property leases	4,695,497	1,160,938	0	0	(1,183,796)	4,672,639
Total	5,235,724	1,249,760	0	0	(1,432,200)	5,053,284

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

Description	Historical cost	Accumulated depreciation	Increases	Write-downs	Net value
<i>Rights-of-use</i>					
Rental cars	928,944	(388,717)		0	540,227
Property leases	6,180,425	(1,484,928)		0	4,695,497
Total	7,109,369	(1,873,645)	0	0	5,235,724

Description	31/12/2019	Increases	Business combinations	Decreases	Depreciation	31/12/2020
<i>Rights-of-use</i>						
EDP	4,069,007	1,501,434		0	(1,927,601)	3,642,840
Total	4,069,007	1,501,434	0	0	(1,927,601)	3,642,840

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

Description	Historical cost	Accumulated depreciation	Increases	Write-downs	Net value
<i>Rights-of-use</i>					
EDP	9,391,123	(5,322,117)		0	4,069,007
Total	9,391,123	(5,322,117)	0	0	4,069,007

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. The increases in the year relate principally to the rental contracts for the Carpi offices, in addition to the Cuneo offices of the company Etaeria.

Rights-of-use concerning EDP (not stated separately and classified to this account) relate to the assets recognised to “Other tangible assets” acquired through finance leases for which it is considered probable that the assets subject to the contracts shall be redeemed on their conclusion. These assets principally concern EDP both for the offices and the Data Center.

3. INVESTMENTS

The equity investments held by the company at the end of 2020 are in the subsidiary WIIT Swiss SA, with registered office in Lugano, established in July 2016, in the subsidiary Adelante S.r.l., wholly-owned since July 2018, and in the subsidiary Matika Spa, held 60% since July 2019, in the subsidiary Etaeria SpA, held 60% since January 2020 and finally in the company myLoc Managed IT AG, wholly-owned since September 2020, with registered office in Düsseldorf, acquired as part of the international expansion of the Wiit Group.

Company	31/12/2020	31/12/2019
Wiit Swiss SA	92,699	92,699
Adelante Srl	12,636,722	12,636,722
Matika SpA	7,243,642	7,243,642
Etaeria SpA	2,675,150	0
myLoc Managed IT AG	51,059,000	0
Total	73,707,213	19,973,063

Subsidiaries

Company	City	S.C.	Net Equity	Profit/(loss)	% Held	Value	Diff. N.E. and carrying amount
Wit Swiss SA	Lugano	92,022	25,200	(185,409)	100.00%	92,699	(67,499)
Adelante S.r.l.	Florence	119,900	2,199,111	868,799	100.00%	12,636,722	(10,437,611)
Matika S.p.A.	Vicenza	120,000	4,079,974	1,375,873	60.00%	7,243,642	(3,163,668)
Etaeria S.p.A.	Turin	50,000	1,249,887	489,699	60.00%	2,675,150	(1,425,263)
myLoc managed IT AG	Düsseldorf	3,000,000	4,806,448	632,375	100.00%	51,059,000	(46,252,552)

The shareholders' equity and the net profit are from the last approved financial statements approved or the situations drawn up for consolidation purposes for the year-end of 31.12.2020.

Impairment test

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., Adelante S.r.l., Etaeria S.p.A. and myloc Managed IT AG at December 31, 2020.

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 2021-2023 plans of these subsidiaries drawn up by local management in collaboration with the Company's Management, approved in March 2020. The

estimated terminal value has been added to these discounted cash flows, which includes the long-term growth rate (g-rate) of 1.22% (OECD Italian GDP growth estimate) for the investments held in Adelante, Etaeria and Matika and of 1.36% (OECD German GDP growth estimate), also discounted at an appropriate discount rate (WACC), calculated post-tax.

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. The above-stated synergies were confirmed between the Company and the subsidiaries Adelante Srl, Matika Spa, Etaeria Spa, Wiit Swiss SA and ICT Watchers, as they mainly serve the Italian market, while with regards to the newly-acquired myLoc, although its margins are on average higher than the above subsidiaries, integration strategies are in place.

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 Adelante Srl, Matika Spa and Etaeria Spa are of similar size and operate in the same business and country, the same WACC was used for all, equal to 7.73%. The values used in calculating the average cost of capital (extrapolated from the main financial sources) are as follows:

- Financial structure of the Company in line with the structure estimated by Prof. Aswath Damodaran (January 2021) for the Software (Internet) sector with a D/E of 22.09%;
 - Unlevered beta for the sector: 0,641 (Value estimated by Prof. Aswath Damodaran (January 2021) for the Software (Internet) sector, based on a sample of comparable European companies);
 - Risk free rate: 1.18% - according to the estimates by Professor P. Fernandez, 2020, for the Italian market;
 - Risk premium: 6.10% (attributable to the Italian market by Prof. Fernandez, 2020);
- Additional risk premium: 3.49% considering that the company is small and not listed on regulated markets)

With regards to myLoc managed IT AG, an average cost of capital (WACC) was calculated of 5.96%, in consideration of the equity and financial structure, the degree of risk concerning the subsidiary and the specific German market risk which differs from the other subsidiaries. The values used in calculating the average cost of capital (extrapolated from the main financial sources) are as follows:

- financial structure of the Companies considering the specific debt/equity ratio of the subsidiary company equal to 131.08%;
 - unlevered beta for the sector: 0,641 (Value estimated by Prof. Aswath Damodaran (January 2021) for the Software (Internet) sector, based on a sample of comparable European companies);
 - risk-free rate: 0.4% - according to the estimates by Professor P. Fernandez, 2020, for the German market;
 - risk premium: 5.7% (attributable to the German market by Prof. Fernandez, 2020);
- Additional risk premium: 3.49% 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.

Sensitivity and variations in assumptions

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. The results of these analyses are reported below.

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

- the impairment test reaches a break-even level using a WACC of 11.03% (keeping the increase in Terminal Value 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 operating result net of taxes (NOPAT) (keeping all other plan assumptions unchanged) of -40.54%;
- the impairment test reaches a break-even level reducing the g-rate to -2.79%% (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 24.08% (keeping the increase in Terminal Value 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 operating result net of taxes (NOPAT) (keeping all other plan assumptions unchanged) of -86.70%;
- the impairment test reaches a break-even level reducing the g-rate to -27.39% (keeping all other assumptions of the plan unchanged).

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

- the impairment test reaches a break-even level using a WACC of 28.53% (keeping the increase in Terminal Value 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 operating result net of taxes (NOPAT) (keeping all other plan assumptions unchanged) of -94.18%;
- the impairment test reaches a break-even level reducing the g-rate to -48.84% (keeping all other assumptions of the plan unchanged).

With reference to the investment in myLoc:

- the impairment test reaches a break-even level using a WACC of 10.68% (keeping the increase in Terminal Value unchanged at 1.36%, along with all plan assumptions);
- the impairment test reaches a break-even level with a significant reduction of the terminal value operating result net of taxes (NOPAT) (keeping all other plan assumptions unchanged) of 1.94%;
- the impairment test reaches a break-even level reducing the g-rate to -4.34% (keeping all other assumptions of the plan unchanged).

The sensitivity analysis thus confirms a high level of coverage.

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

Description	31/12/2020	31/12/2019	Change
Other non-current assets deriving from contracts	217,174	440,499	(223,35)
Other non-current assets	288,712	279,312	9,400
Total	505,886	719,811	(213,925)

Other non-current assets deriving from contracts 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 and arise from the application of IFRS 15.

Other non-current assets include a guarantee deposit of Euro 250,000 to the parent company Wiit Fin S.r.l. for the rental of property and, for the residual amount, guarantee deposits for various utilities.

5. INVENTORIES

Description	31/12/20	31/12/19	Changes
Raw materials, supplies and consumables	0	0	0
Finished products	731	0	731
Total	731	0	731

6. TRADE RECEIVABLES

The account consists of:

Description	31/12/2020	31/12/2019	Change
Trade receivables	6,071,331	4,167,014	1,904,317
Doubtful debt provision	(386,994)	(284,231)	(102,763)
Total	5,684,337	3,882,783	1,801,554

The breakdown of receivables by due date is outlined below.

	31/12/2020	Overdue 1-30	Overdue 31-60	Overdue 61-90	Beyond 90	Not overdue
Trade receivables	6,071,331	48,427	192,652	578,477	1,761,910	3,489,866
Doubtful debt provision	(386,994)	(2,605)	(5,798)	(12,264)	(288,940)	(77,387)
TOTAL	5,684,337	45,822	186,854	566,213	1,472,970	3,412,478

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	31/12/2020	31/12/2019	Change
Italy	6,069,951	4,114,341	1,955,610
EU countries	1,380	0	1,380
Non-EU countries	0	52,673	(52,673)
Doubtful debt provision	(386,994)	(284,231)	(102,763)
Total	5,684,337	3,882,783	1,801,554

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, 2020 were as follows:

Balance at 31.12.2019	284,231
Utilisation in the period	0
Provision in the period	102,763
Balance at 31.12.2020	386,994

The provision includes the accrual as per IFRS 9 for Euro 2,763. For this provision, the rates taken as reference are those related to country risk and sector risk. The doubtful debt provision increased by an additional Euro 100,000, related to a number of positions considered uncollectible. No utilisations were made in the year.

7. TRADE RECEIVABLES FROM GROUP COMPANIES

"Trade receivables from group companies" due within 12 months amount to Euro 613,806 and mainly concern normal commercial transactions during the year with the subsidiaries. See Note 31 for further details.

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

Description	31/12/2020	31/12/2019	Change
Assets from contracts	223,325	269,324	(45,999)
Current financial assets	1,094,920	647,000	447,920
Tax Receivables	1,692,580	1,914,738	(222,158)
Receivables from others	295,309	193,591	101,718
Total	3,306,134	3,024,653	281,481

Assets from contracts 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 concern the advance on the residual 40% stake of the company Etaeria S.p.A. for Euro 801 thousand and the cash pooling receivable from the subsidiary Wiit Swiss for Euro 281 thousand.

Tax receivables include the IRES receivable for Euro 53,473, arising before participation in the tax consolidation, IRAP receivables for Euro 17,179 and receivables from the parent company for the tax consolidation for Euro 1,622 thousand, which include the patent box benefit relating to the years 2015-2019.

Other receivables mainly refer to advances to suppliers and the employee expense fund.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of Euro 13,324,350 at December 31, 2020 exclusively comprise current account balances, as during the year the investments in securities were disposed of.

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, 2020, the shares in circulation therefore numbered 2,652,066.

At December 31, 2020, Wiit S.p.A. holds 148,876 treasury shares (5.61% of the share capital), recognised to the financial statements for a total amount of Euro 11,100,158. 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).

Shares	Number
Ordinary	2,652,066

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

Treasury shares

The amount of Euro 11,100,158, classified to other reserves, concerns the acquisition price of the 148,876 treasury shares which Wiit S.p.A. acquired in the period from November 2017 to November 2020, 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 30.11.2018 – 18.03.2019 and latterly on 29.04.2020.

The buy-back plan is for the acquisition of WIIT S.p.A. shares, 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. During the year, 7,355 treasury shares were used, of which 6,434 for the earn-out payment, with the residual as MBO payment with regards to the Adelante Srl transaction. The countervalue (gain) was recognised to a distributable equity reserve.

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	2020	2019
Net profit for the year	4,847,988	6,240,515
Average number of ordinary shares, net of treasury shares	2,520,093	2,567,798
Basic earnings per share (Euro per share)	1.92	2.43
Diluted earnings per share (Euro per share)	1.92	2.43

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 reserve					
Share premium reserve	19,248,704	A,B,C	19,248,704		
Profit reserves:					
Legal reserve	530,413	B	530,413		
Other reserves:					
Listing reserve	(1,090,259)				
Treasury shares reserve	(10,814,117)	A,B,C	286,041		
Performance Shares Reserve	939,278	A,B,C	939,278		
First-time adoption reserve IFRS 16, 9, 15	(1,237,271)				
Extraordinary Reserve	55,128	A,B,C	55,128		
Derivatives Reserve	(553,204)				
First-time adoption	(101,168)				
Actuarial gains/losses	(295,491)				
Retained earnings	2,536,962	A,B,C	2,536,962		
Total	11,815,914		23,596,526		
Non-distributable amount			530,413		
Residual amount distributable			23,066,113		
(*) 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 reserves					

The prior year net profit of Euro 6,240,515 was distributed to shareholders, as per the Shareholders' Meeting motion of April 29, 2020 for a total of Euro 3,791,159 and paid in May 2020, and for Euro 2,449,356 carried forward.

Net financial debt

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

	31/12/2020	31/12/2019
A - Cash and cash equivalents	13,324,350	8,990,107
B - Securities held for trading	0	0
D - Liquidity (A) + (B)	13,324,350	8,990,107
E - Current financial assets	1,094,920	647,000
F - Current bank payables	(3,491,188)	(5,273,589)
G - Other current financial liabilities	(8,725,932)	(6,181,406)
H - Payables to other lenders	(4,046,520)	(3,824,059)
I - Current financial debt (E)+(F)+(G)+(H)	(15,168,720)	(14,632,054)
J - Net current financial debt (I) - (D)	(1,844,370)	(5,641,947)
K - Bank payables	(72,650,818)	(7,092,425)
L - Payables to other lenders	(6,255,078)	(6,075,111)
M - Other non-current financial liabilities	(4,846,893)	(5,822,758)
N - Non-current financial debt (K)+(L)+(M)	(83,752,789)	(18,990,294)
O - Net financial debt (J) + (N)	(85,597,160)	(24,632,240)

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	31.12.2019	Cash flow[1]	Long-term - short-term reclassifications	New Funding	Business combinations	OTHER	Non-monetary flows		31.12.2020
							Rights-of-use	Other changes	
Non-current payables to other lenders	(6,075,111)	0	1,906,480	0	0	0	(2,086,447)	0	(6,255,078)
Medium/long-term loans and borrowings	(7,092,425)	2,814,760	(68,987)	(68,304,167)	0	0	0	0	(72,650,819)
Other non-current financial liabilities	(5,822,758)		2,260,366	0	0	(639,763)		(644,738)	(4,846,893)
Payables to other lenders - current	(3,824,059)	2,272,931	(1,906,480)	0	0	0	(588,912)	0	(4,046,520)
Short-term loans and borrowings	(5,273,589)	2,775,847	68,987	(833,333)				(229,100)	(3,491,188)
Other current financial liabilities	(6,181,406)	770,603	(2,260,366)	0	(326,911)	(1,359,204)		631,352	(8,725,932)
Current financial assets	647,000	1,134,033	0	0	40,371	0	0	(726,484)	1,094,920
Net liabilities from financing activities	(33,622,348)	9,768,174	(0)	(69,137,500)	(286,540)	(1,998,967)	(2,675,359)	(968,970)	(98,921,510)
Cash and cash equivalents	8,990,107	(9,768,174)	0	69,137,500	(55,035,083)	0	0	0	13,324,350
Net financial debt	(24,632,241)	0	(0)	0	(55,321,623)	(1,998,967)	(2,675,359)	(968,970)	(85,597,160)

11. PAYABLES TO OTHER LENDERS

Description	31/12/20	31/12/19	Change
Lease payables	2,598,704	2,866,067	(267,363)
Financial payables	1,447,816	957,992	489,824
Total current	4,046,520	3,824,059	222,461
Lease payables	5,563,143	4,653,973	909,170
Financial payables	691,935	1,421,138	(729,203)
Total non-current	6,255,078	6,075,111	179,967
Total	10,301,598	9,899,170	402,428

Lease payables include the principal amounts of future leasing charges measured according to the finance method, in addition to property and motor vehicle lease contract payables relating to the above Standard. Financial payables concern non-bank loans, utilised by the Company for operating purposes.

12. BANK PAYABLES

The bank payables at 31.12.2020 of Euro 76,142,006 include the payable for loans and indicates the effective payable for capital, interest and accessory charges matured and due. The current portion is Euro 3,491,188, while the long-term portion is Euro 72,650,818.

ISSUING ENTITY	Current	Non-Current	Total	Maturity	Interest Rate
INTESA SAN PAOLO	378,167	0	378,167	30/04/2021	FIXED 0.75%
CREDITO VALTELLINESE	0	4,000,000	4,000,000	05/12/2026	FIXED 1.15%
CREDITO VALTELLINESE	380,264	255,494	635,758	05/04/2022	FIXED 1.25%
CARIGE	158,873	10,683	169,556	31/01/2022	FIXED 1.30%
INTESA SAN PAOLO	334,065	672,602	1,006,668	14/03/2022	FIXED 0.89%
MONTE DEI PASCHI DI SIENA	0	0	0	30/06/2023	EUR6M+0.7%
MONTE DEI PASCHI DI SIENA	0	2,000,000	2,000,000	30/11/2026	EUR6M+0.594%
CREDEM	627,603	379,088	1,006,691	08/07/2022	FIXED 0.67%
INTESA SAN PAOLO	495,177	2,685,281	3,180,458	30/11/2023	FIXED 1.05%
CREDEM	311,031	503,744	814,775	02/10/2023	FIXED 0.75%
CREDITO VALTELLINESE	0	2,500,000	2,500,000	05/01/2028	FIXED 1.50%
BANCO BPM (*)	403,004	1,747,651	2,150,655	30/06/2026	FIXED 1.55%
BANCO BPM (*)	0	2,351,371	2,351,371	30/06/2026	FIXED 1.85%
INTESA SAN PAOLO (*)	403,004	1,747,651	2,150,655	30/06/2026	FIXED 1.55%
INTESA SAN PAOLO (*)	0	2,351,371	2,351,371	30/06/2026	FIXED 1.85%
INTESA SAN PAOLO LINE D	0	49,111,888	49,111,888	18/03/2022	EUR6M+0.5%
INTESA SAN PAOLO (*)	0	2,333,993	2,333,993	31/12/2024	FIXED 1.35%
Total	3,491,188	72,650,818	76,142,006		

(*) At December 31, 2020, the indicated loans were agreed in January 2020 with a banking syndicate comprising Banca IMI S.p.A. (now Intesa Sanpaolo S.p.A.), as arranger and agent bank, and Intesa Sanpaolo S.p.A. and Banco BPM S.p.A. as lending banks. These loans are guaranteed by IRS interest rate hedges.

It should also be noted that during the year the Company entered into an agreement amending the above contract, including, among other conditions, the opening of a new line (Line D). This amending agreement also provides for compliance with negative pledges and financial covenants to be measured every six months, such as:

- EBITDA/Net Financial Charges ratio
- NFP/EBITDA ratio

All covenants had been complied with at December 31, 2020.

For further details, reference should be made to the Directors' Report and in particular the *Funding agreement* paragraph of the "Governance and significant events" section.

13. OTHER FINANCIAL LIABILITIES

Description	31/12/2020	31/12/2019	Change
Current financial liabilities to third parties	8,725,932	6,181,406	2,544,526
Non-current financial liabilities to third parties	4,846,893	5,822,758	(975,865)
Total	13,572,825	12,004,163	1,568,662

Description	Current	Non-Current	Total
Payables to subsidiaries for cash pooling	5,691,172	0	5,691,172
Payables for Adelante acquisition	1,864,344	3,161,194	5,025,539
Payable for the acquisition of the Aedera business unit	0	626,353	626,353
Liabilities for derivatives	225,819	644,738	870,557
Other financial payables	944,597	414,607	1,359,204
Total current financial liabilities to third parties	8,725,932	4,846,893	13,572,825

Other financial payables mainly concern the factoring payables for Euro 859 thousand and for the residual the mark to market value of derivatives.

14. EMPLOYEE BENEFITS

Description	31/12/2020	31/12/2019	Change
Liabilities at January 1	1,282,889	1,075,332	207,557
Employees transferred	27,675	25,554	2,121
Financial expenses	(3,664)	(2,104)	(1,560)
Service cost	195,534	182,721	12,813
Payments made	(96,650)	(100,263)	3,613
Actuarial losses	94,898	101,649	(6,751)
Total	1,500,682	1,282,889	217,793

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

Financial assumptions

	31.12.2020	31.12.2019
Discount rate	Euro Curve Composite AA on 31.12.20	Euro Curve Composite AA on 29.12.19
Inflation	1.50%	1.50%

Demographic assumptions

	31.12.2020	31.12.2019
Mortality rate	ISTAT 2019	ISTAT 2018
Personnel turnover	10% per year of all ages	10% per year of all ages
Advances	1.7% 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

Description	31/12/2020	31/12/2019	Change
Liabilities at January 1	1,282,889	1,075,332	207,557
Employees transferred	27,675	25,554	2,121
Financial expenses	(3,664)	(2,104)	(1,560)
Service cost	195,534	182,721	12,813
Payments made	(96,650)	(100,263)	3,613

Actuarial losses	94,898	101,649	(6,751)
Total	1,500,682	1,282,889	217,793

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
1,500,681	195,534	1,434,585	186,568	1,572,401	205,327

Inflation rate sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,500,681	195,534	1,529,956	198,935	1,472,372	192,245

Salary increase sensitivity

Base scenario		+50 basis points		-50 basis points	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,500,681	195,534	1,520,449	199,120	1,481,892	192,136

Probability of termination of employment sensitivity

Base scenario		+50% Prob. Departure		-+50% Prob. Departure	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,500,681	195,534	1,394,866	180,039	1,720,717	229,235

Post-employment benefit percent advance sensitivity

Base scenario		+50% Advances		-50% Advances	
DBO	Service Cost	DBO	Service Cost	DBO	Service Cost
1,500,681	195,534	1,506,191	196,524	1,495,019	194,516

With regards to specific management personnel, the company Wiit has stipulated a Stay Bonus to incentivise continuance at the company. The bonus is fixed by individual agreement between the parties and consists of an amount paid in monthly instalments, provided that the beneficiary does not terminate employment with the company before December 31, 2023. Otherwise, or in the event of termination before that date (due to resignation

or any other reason beyond the control of the Company), the beneficiary will be required to repay the fees paid to him/her up to that point.

On the basis of the provisions of IAS 19R, stay bonuses are included among "Other long-term employee benefits". These are therefore indemnities paid during the course of employment, which must be recognised using actuarial methods.

In terms of the international accounting standards, the valuation was carried out using the actuarial "Projected Unit Credit Method" (articles 67-69 of IAS 19R). As per IAS 19R, no Additional Disclosure is required for "Other long term employee benefits".

Description	31/12/2020	31/12/2019	Change
Liabilities at January 1	0	0	0
Provisions in the year	246,931	0	246,931
Financial expenses	0	0	0
Service cost	(582)	0	(582)
Payments made	(62,000)	0	(62,000)
Actuarial losses	705	0	705
Total stay bonus	185,055	0	185,054

15. DEFERRED TAX ASSETS & LIABILITIES

Description	31/12/2020	31/12/19	Change
Deferred tax assets	821,197	625,195	196,002
Deferred tax liabilities	(639,411)	(212,782)	(426,629)
Net position	181,786	412,412	(230,627)

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	Assessable	Tax
Total deferred tax assets at 31/12/19		625,193
Temporary differences on goodwill	17,314	(4,155)
Temporary differences on Directors' fees and unpaid bonuses	149,314	75,579
Temporary differences on accumulated depreciation (revalued)	(200,000)	(55,800)
Temporary differences on write-down on receivables	61,714	14,811
IAS 19 temporary differences	95,616	26,677
Temporary differences on derivative financial instruments	767,273	214,069
IFRS 15 temporary differences	269,457	(75,177)
Total deferred tax assets at 31/12/20		821,197
Economic effect in the period		37,236

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.

At 31.12.2020, the company did not report deferred tax assets.

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". This consideration concerns the upfront fees for the set-up of the service. From 2019, these price components are managed in the periodic fees.

At 31.12.2020, the non-current assets deriving from contracts from the application of IFRS 15 was Euro 447,960.

17. CURRENT INCOME TAX LIABILITIES

Description	31/12/2020
Treasury withholdings on third-party remuneration	52,930
Treasury IRPEF payable	132,944
VAT payables	27,258
Total	213,132

18. TRADE PAYABLES

The breakdown by region of trade payables is as follows:

Description	31/12/2020	31/12/2019	Change
Italy	2,340,923	1,718,334	622,589
EU countries	355,108	75,591	279,517
Non-EU countries	114	10,385	(10,271)
Total	2,696,145	1,804,310	891,835

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

19. TRADE PAYABLES TO GROUP COMPANIES

At 31.12.2020 liabilities for Payables to companies refer to the subsidiaries for Euro 167,912. Reference should be made to Note 31 for further details.

20. LIABILITIES FROM CONTRACTS AND OTHER CURRENT LIABILITIES

Description	31/12/2020	31/12/2019	Change
Current liabilities deriving from contracts	403,165	488,404	(85,239)
Social sec. institutions	289,051	271,438	17,613
Employee payables	912,038	662,487	249,551
Other current liabilities	280,095	478,825	(198,730)
Total	1,884,349	1,901,154	(16,805)

At December 31, 2020, the account concerns liabilities from contracts (short-term portion), consequent to the application of IFRS 15 for Euro 403,165.

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

21. REVENUES AND OPERATING INCOME

In 2020, sales revenues amounted to Euro 26,123,111, increasing Euro 3,036,797 over 2019 revenues of Euro 22,502,281.

Revenues by product line

Description	2020	%	2019	%
Services	24,149,786	92.45%	21,112,989	93.83%
Sale of products	1,397,653	5.35%	1,256,299	5.58%
Other revenues and income	575,672	2.20%	132,993	0.59%
Total	26,123,111	100%	22,502,281	100%

Revenue by region

Description	2020	2019	Change
Italy	25,850,862	22,331,774	3,519,088
EU countries	2,261	135,364	(133,103)
Non-EU countries	269,988	35,144	234,844
Total	26,123,111	22,502,281	3,620,830

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

"Other revenues and income" includes Euro 403,049 thousand relating to the tax credit received, in relation to consultancy costs incurred for the regulated market listing. The residual portion, in line with the previous year, concerns the sale of non-core product and services.

22. PURCHASES AND SERVICES

Description	2020	2019	Change
Purchase of other services from third parties	6,459,125	3,529,688	2,929,437
Purchase of Inter-company services	232,506	289,701	(57,195)
Electricity	413,036	371,385	41,651
Connectivity	766,538	801,110	(34,572)
Expenses on rental property	148,122	67,762	80,360
Product acquisition cost	1,083,845	1,334,804	(250,959)
Rentals (low value lease)	191,682	169,512	22,170
Directors	1,747,000	1,540,732	206,268
Others	643,762	908,241	(264,479)
Total	11,685,616	9,012,934	2,672,682

The increase in "Purchase of other services from third parties" includes approx. Euro 2.4 million regarding costs incurred for the acquisitions of Etaeria Spa, of the Aedera business unit and of myLoc Managed IT AG.

23. PERSONNEL COSTS

Description	2020	2019	Change
Wages and salaries	3,623,739	3,029,257	594,482
Social security charges	1,131,865	1,043,863	88,002
Post-employment benefits	199,278	184,254	15,024
Total	4,954,883	4,257,374	697,509

The average number of employees of the Company in 2020 remained unchanged at 105. Research and Development in the period was in line with the previous year in terms of new services offered.

24. 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 7,252,064 and a doubtful debt provision for Euro 172,847, including Euro 70,084 concerning receivables from the subsidiary Wiit Swiss.

25. OTHER OPERATING COSTS

	2020	2019	Change
Extraordinary charges	46,620	55,291	(8,671)
Other costs	414,075	237,891	176,184
Total	460,695	293,182	167,513

“Other operating costs” of Euro 414,075 include residual costs, including banking expenses and charitable donations. In 2020, Euro 100,000 was donated for the COVID-19 emergency.

26. FINANCIAL INCOME

The financial income of Euro 4,642,155 refers mainly to the amount of dividends, as presented in the table below:

Dividends from Group companies	2020	2019	Change
WIIT Swiss SA	594,577	1,883,744	(1,289,167)
Adelante Srl	661,828	647,000	14,828
Matika SpA	480,000	0	480,000
myLoc Managed IT AG	2,903,401	0	2,903,401
Total	4,639,806	2,530,744	2,109,062

The residual amount refers to interest income from bank current accounts. The dividend collected by the subsidiary myLoc concerns the net profit for the period to September 30, 2020, which as per the investment acquisition contract is distributed to the company.

27. FINANCIAL EXPENSES

Description	2020	2019	Change
Bank interest	1,047,317	107,001	940,316
Interest expenses on leasing	23,304	99,350	(76,046)
Other financial expenses	236,015	221,926	14,089
Total	1,306,636	428,277	878,359

At 31.12.2020, other financial expenses include the discounting of the earn-outs of Adelante Srl, Matika Spa and Etaeria Spa. In 2020, the “Bank interest”

account mainly included interest on the bank loans disbursed in the year, including commitment fees on the drawing down of loans.

28. EXCHANGE GAINS AND LOSSES

The Company reports exchange gains of Euro 2 thousand in 2020.

29. INCOME TAXES

Description	2020	2019	Change
Current income taxes	(222,159)	946,724	(1,168,883)
Deferred tax income & charges	(37,236)	(138,814)	101,578
Total	(259,395)	807,910	(1,067,305)

Current income taxes include IRAP for Euro 138,583 and IRES for Euro 83,575. This does not include the pending Patent Box benefit for the 2020-2024 five-year period.

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 2020		IRAP 2020	
	Assessable	Tax	Assessable	Tax
Profit before taxes	5,103,864			
Theoretical IRES average tax rate (Lombardy; Veneto; Lazio)		24%		3.90%
Difference between (A) – (B)			6,894,063	
Theoretical tax charge		1,224,927		268,868
Temporary differences deductible in future years	637,936	153,105	228,959	8,929
Taxable permanent differences	248,036	59,529	1,978,804	77,173
Deductible temporary differences	592,330	142,159	592,330	23,101
Permanent deductible differences (principally dividends from subsidiaries)	4,792,476	1,150,194	1,190	
IRAP deductions from IRES	39,911	9,579		
Tax amnesty			2,261,518	88,199
New permanent employee deductibility 2015 Stability Law			2,693,365	105,041
ACE Tax Break	216,889	52,053		
Assessable IRES	348,231			
IRES current taxes		83,575		
Effective IRES rate		1.64%		
Assessable IRAP			3,553,422	
Current IRAP income taxes				138,583
Effective IRAP rate				2.01%

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.

The difference between the theoretical and actual tax charge is mainly influenced by the dividend component, the taxation of which is limited in accordance with PEX rules.

30. INFORMATION ON FINANCIAL RISKS

Categories of financial instruments

The following tables contain information regarding:

- Fair value level hierarchy for financial assets and liabilities the fair value of which is stated;
- 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).

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).

Liabilities valued at fair value			
31.12.20	Level 1	Level 2	Level 3
Other financial liabilities			
Earn out (included in financial liabilities)			5,270,471
Other financial liabilities (Derivatives)		870,557	
Total	-	870,557	5,270,471

Some of the financial liabilities are measured at fair value at each reporting date.

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, 2020	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVPL	Total
Other non-current assets deriving from contracts	217,174			217,174
Other non-current assets	288,712			288,712
Non-current financial assets	505,886	-		505,886
Trade receivables	5,684,337			5,684,337
Trade receivables from group companies	613,806			613,806
Current financial assets	1,094,920			1,094,920
Current assets deriving from contracts	223,325			223,325
Other receivables and other current assets	1,987,889			1,987,889
Cash and cash equivalents	13,324,350			13,324,350
Current financial assets	22,928,626	-		22,928,626
Total financial assets	23,434,512	-		23,434,512

FINANCIAL LIABILITIES AT DECEMBER 31, 2020	Financial liabilities at amortised cost	Financial liabilities at FVOCI	Financial liabilities at FVPL	Total
Payables to other lenders	6,255,078			6,255,078
Bank payables	72,650,818			72,650,818
Other non-current financial liabilities	4,202,155	575,351	69,387	4,846,893
Non-current liabilities deriving from contracts	447,960			447,960
Other payables and non-current liabilities	0			0
Non-current financial liabilities	83,556,011	575,351	69,387	84,200,749
				-
Payables to other lenders	4,046,520			4,046,520
Short-term loans and borrowings	3,491,188			3,491,188
Other current financial liabilities	8,500,113	191,726	34,093	8,725,932
Trade payables	2,696,145			2,696,145
Trade payables - Group companies	167,912			167,912
Current liabilities deriving from contracts	403,165			403,165
Other payables and current liabilities	1,481,184			1,481,184
Current financial liabilities	20,786,227	191,726	34,093	21,012,046
Total financial liabilities	104,342,238	767,077	103,480	105,212,795

With particular reference to payables classified as FVOCI financial liabilities, the Company manages its exposure to interest rate movement risks through the use of derivative financial instruments in the form of Interest Rate Swaps (IRS). It is indicated that as a result of the amendment to the loan contract signed on September 17, 2020, which remodelled the credit line, 75% of the fair value of the derivatives designated for this "C" line are considered speculative and are therefore recognised to financial expenses in the income statement. The relative liability is presented below under FVPL liabilities, comprising Euro 69

thousand of "Other non-current financial liabilities" and Euro 34 thousand of "Other current financial liabilities".

The purpose of the derivative financial instruments is exclusively linked to the management of interest rate fluctuations connected to future monetary cash flows and no speculative activities are carried out.

For all hedging derivatives, the conditions set out in IFRS 9 for the application of hedge accounting (formal designation of the hedging relationship; documented, measurable and highly-effective hedging relationship) have been fully complied with and they have therefore been treated according to the "cash flow hedge" accounting method, which provides for the effective portion of profits or losses (intrinsic value) to be allocated to equity reserves at the contract date. Fair value changes subsequent to interest rate curve movements, always within the limits of the effective portion of the hedge, are also recognised to the equity reserve.

All derivatives financial instruments are therefore initially valued at fair value. After initial recognition, derivatives are measured at fair value and the related changes are recognised to FVOCI and/or the profit/(loss) for the year.

In the case of derivative contracts for which the full hedge provided for by applying the accounting standards is not undertaken, the reserve allocated up to the effective date will be gradually reversed to the income statement and subsequent changes in fair value will be recognised to the income statement from the ineffective date.

The table below shows the main characteristics of IRS derivatives in place at December 31, 2020:

<i>Contract type</i>	<i>Trading Date</i>	<i>Counterparty</i>	<i>Currency</i>	<i>Maturity date</i>	<i>Notional value at December 31, 2020</i>	<i>MTM (mark to market)</i>
Fixed Rate - Amortising	09/01/2020	Banco BPM S.p.A.	EUR	31/12/2025	2,083,333	(31,453)
Fixed Rate - Amortising (*)	09/01/2020	Banco BPM S.p.A.	EUR	31/12/2025	4,166,667	(66,430)
Fixed Rate - Amortising (*)	09/01/2020	Banco BPM S.p.A.	EUR	31/12/2024	5,000,000	(68,856)
Fixed rate - Bullet	09/01/2020	Banco BPM S.p.A.	EUR	30/06/2026	2,500,000	(87,608)
Fixed rate - Bullet	09/01/2020	Banco BPM S.p.A.	EUR	30/06/2026	5,000,000	(180,892)
Fixed Rate - Amortising	09/01/2020	Intesasanpaolo SPA	EUR	31/12/2025	2,083,333	(31,482)
Fixed Rate - Amortising (*)	09/01/2020	Intesasanpaolo SPA	EUR	31/12/2025	4,166,666	(66,488)
Fixed Rate - Amortising (*)	09/01/2020	Intesasanpaolo SPA	EUR	31/12/2024	5,000,000	(68,564)
Fixed rate - Bullet	09/01/2020	Intesasanpaolo SPA	EUR	30/06/2026	2,500,000	(87,703)
Fixed rate - Bullet	09/01/2020	Intesasanpaolo SPA	EUR	30/06/2026	5,000,000	(181,081)
Total					37,499,999	(870,557)

(*) At December 31, 2020, these IFRS derivative instruments are in place although the underlying is not yet in place. However, the Company's Directors believe that, in light of the WiiT Group's inorganic growth strategy, the full drawdown of the underlying instruments (partially drawn down at the end of the financial year) is considered highly probable and have therefore proceeded to account for the fair value of these instruments in accordance with IFRS 9 (FVOCI).

As previously stated, the portion of the derivative relating to the line of credit restructured under the above amendment to the loan agreement, amounting to Euro 103 thousand, was however recognised to the income statement.

Financial liabilities by due date at December 31, 2020 are reported below:

For further details, reference should be made to the Directors' Report and in particular the *Funding agreement* paragraph of the "Governance and significant events" section.

December 31, 2020	Book value	Contractual cash flows	Within 1 year	From 1 to 5 years	Beyond five years
Bank loans	76,142,006	76,379,774	3,491,188	72,888,586	-
Finance leases	10,301,598	10,301,598	4,046,520	6,255,078	-
Trade payables	2,696,145	2,696,145	2,696,145	-	-
Other financial liabilities	13,572,825	13,572,825	8,725,932	4,846,893	-
Total	102,712,574	102,950,342	18,959,785	83,990,557	-

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.

The outbreak of the COVID-19 pandemic across the world and the following containment measures introduced by the governments have had an economic and social impact on many sectors, although this situation of uncertainty related to the health emergency has not excessively hit WIIT S.p.A.'s business. In 2020, in fact, in addition to having increased business levels and consequently revenues, no situations of insolvency among company customers have arisen and they have therefore continued to fulfil their financial commitments.

No further effects to the accounts of a valuation nature occurred (i.e. doubtful debt provision, inventory obsolescence provision, provision for risks and charges). However, the continuance of the health emergency also during the initial months of 2021, leads the Directors to consistently monitor the business performance, in addition to the outside events which may have impacts on the company's equity and financial structure.

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, 2020 and December 31, 2019, 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	Remuneration (in Euro thousands)
Audit	-Deloitte & Touche	73
Total		73

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	01.01.2020 - 31.12.2020	Approval 2020 FS	500,000	0	73,148	573,148
Riccardo Mazzanti	Chairman of the Board of Directors	01.01.2020 - 31.12.2020	Approval 2020 FS	240,000	0	73,148	313,148
Francesco Baroncelli	Executive Director	01.01.2020 - 31.12.2020	Approval 2020 FS	230,000	0	27,819	257,819
Enrico Rampin	Executive Director	01.01.2020 - 31.12.2020	Approval 2020 FS	145,000	0	73,148	218,148
Amelia Bianchi	Director	01.01.2020 - 31.12.2020	Approval 2020 FS	30,000	0	0	30,000
Aldo Napoli	Independent Director	01.01.2020 - 31.12.2020	Approval 2020 FS	15,000	0	0	15,000
Annamaria Di Ruscio	Independent Director	01.01.2020 - 31.12.2020	Approval 2020 FS	15,000	18,000	0	33,000
Dario Albarello	Independent Director	01.01.2020 - 31.12.2020	Approval 2020 FS	15,000	21,000	0	36,000
Riccardo Sciutto	Independent Director	01.01.2020 - 31.12.2020	Approval 2020 FS	15,000	21,000	0	36,000
Luca Valdameri	Chairperson Board of Statutory Auditors	01.01.2020 - 31.12.2020	Approval 2020 FS	18,000	0	0	18,000
Paolo Ripamonti	Statutory Auditor	01.01.2020 - 31.12.2020	Approval 2020 FS	12,000	0	0	12,000
Nathalie Brazzelli	Statutory Auditor	01.01.2020 - 31.12.2020	Approval 2020 FS	12,000	0	0	12,000

31. RELATED PARTY TRANSACTIONS

The table below reports the costs and revenues and receivables and payables from related party transactions:

	COSTS	WIIT Fin S.r.l.	WIIT S.p.A.	WIIT Swiss S.A.	Adelante S.r.l.	ICTW	MATIKA S.p.A.	COMM.IT Srl	Etaeria Spa	myLoc	TOTAL
	WIIT Fin S.r.l.	-	499,000	-	-	-	-	-	-	-	499,000
	WIIT S.p.A.	-	-	594,577	930,927	-	578,605	6,200	774,476	-	2,884,785
	WIIT Swiss S.A.	-	-	-	-	-	-	-	-	-	-
REVENUES	Adelante S.r.l.	-	111,293	-	-	10,667	-	108,342	1,652	-	231,955
	ICTW	-	50,282	-	21,600	-	-	-	-	-	71,882
	MATIKA S.p.A.	-	50,969	-	3,560	-	-	-	-	-	54,529
	COMM.IT Srl	-	4,145	-	127,598	-	-	-	-	-	131,743
	Etaeria S.p.A.	-	2,902,165	-	48,336	-	-	-	-	-	2,950,501
	myLoc	-	-	-	-	-	-	-	-	-	-
	Total	-	3,617,855	594,577	1,132,020	10,667	578,605	114,542	776,128	-	6,824,395
	RECEIVABLES	WIIT Fin S.r.l.	WIIT S.p.A.	WIIT Swiss S.A.	Adelante S.r.l.	ICTW	MATIKA S.p.A.	COMM.IT Srl	Etaeria Spa	myLoc	TOTAL
	WIIT Fin S.r.l.	-	1,871,928	-	-	-	-	-	-	-	1,871,928
	WIIT S.p.A.	-	-	-	1,799,497	-	4,194,066	5,057	139,539	-	5,859,081
	WIIT Swiss S.A.	-	280,613	-	-	-	-	-	-	-	280,613
PAYABLES	Adelante S.r.l.	455,081	426,885	-	-	-	720	38,064	28,380	-	947,690
	ICTW	-	-	-	37,414	-	-	-	-	-	37,414
	MATIKA S.p.A.	-	41,864	-	-	-	-	-	-	-	41,864
	COMM.IT Srl	-	27,755	-	7,957	-	-	-	-	-	35,712
	Etaeria S.p.A.	-	117,301	-	-	-	-	-	-	-	117,301
	myLoc	-	-	-	-	-	-	-	-	-	-
	Total	455,081	2,766,346	-	1,844,869	-	4,193,346	43,121	111,159	-	9,191,604

There were no atypical or unusual transactions as defined by Consob in communication No. DEM/6064293 of July 28, 2006

BALANCE SHEET

	31.12.20	Of which related parties	31.12.19	Of which related parties
ASSETS				
Intangible assets	7,048,640		3,474,109	
Goodwill	4,028,781		2,521,040	
Property, plant and equipment	2,060,717		2,877,027	
Other tangible assets	8,259,900		8,984,386	
Rights-of-use	5,053,285		5,235,724	
Deferred tax assets	821,197		625,193	
Equity investments and other non-current financial assets	73,707,213		19,973,063	
Other non-current assets deriving from contracts	217,174		384,668	
Other non-current assets	288,712	250,000	279,312	250,000
NON-CURRENT ASSETS	101,485,619	250,000	44,354,520	250,000
Inventories	731		0	
Trade receivables	5,684,337		3,882,783	397,720
Trade receivables from subsidiaries	613,806	613,806	116,791	116,791
Current financial assets	1,094,920		647,000	647,000
Current assets deriving from contracts	223,325		325,155	
Other receivables and other current assets	1,987,889	1,621,928	2,108,330	1,760,511
Cash and cash equivalents	13,324,350		8,990,107	
CURRENT ASSETS	22,929,358	2,235,733	16,070,167	2,922,022
TOTAL ASSETS	124,414,977	2,485,733	60,424,688	3,172,022

BALANCE SHEET

	31.12.20	Of which related parties	31.12.19	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		530,413	
Other reserves	(13,152,231)		(9,305,343)	
Reserves and retained earnings	2,536,962		87,606	
Profit for the year	4,847,988		6,240,515	
SHAREHOLDERS' EQUITY	16,663,902	0	19,453,961	0
Payables to other lenders	6,255,078		6,075,111	
Bank payables	72,650,818		7,092,425	
Other non-current financial liabilities	4,846,893	4,202,155	5,822,758	5,822,758
Employee benefits	1,685,736		1,282,889	
Deferred tax liabilities	639,411		212,782	
Non-current liabilities deriving from contracts	447,960		851,125	
Other payables and non-current liabilities	0		0	
NON-CURRENT LIABILITIES	86,525,896	4,202,155	21,337,090	5,822,758
Payables to other lenders	4,046,520		3,824,059	
Short-term loans and borrowings	3,491,188		5,273,589	
Current income tax liabilities	213,132		149,743	
Other current financial liabilities	8,725,932	7,640,909	6,181,406	6,181,406
Trade payables	2,696,145		1,804,310	
Trade payables to subsidiaries	167,912	167,912	10,972	10,972
Current liabilities deriving from contracts	403,165		488,404	
Other payables and current liabilities	1,481,184		1,901,154	
CURRENT LIABILITIES	21,225,178	7,808,821	19,633,637	6,192,378
TOTAL LIABILITIES	107,751,074	12,010,976	40,970,727	12,015,136
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	124,414,976		60,424,688	

INCOME STATEMENT

	2020	Of which related parties	Of which non- recurring income (charges)	2019	Of which related parties	Of which non- recurring income (charges)
REVENUES AND OPERATING INCOME						
Revenues from sales and services	25,547,439			22,369,288	611,296	
Other revenues and income	575,672		403,049	132,993		
Total revenues and operating income	26,123,111	0	403,049	22,502,281	611,296	0
OPERATING COSTS						
Purchases and services	(11,685,617)		(2,421,822)	(9,012,934)	(279,115)	
Personnel costs	(4,954,883)			(4,257,374)		
Amortisation, depreciation & write-downs	(7,252,064)	(499,000)		(5,851,714)	(499,000)	
Provisions	0			0		
Other costs and operating charges	(460,695)			(293,182)		
Change Inventories of raw mat., consumables and goods	0			0		
Total operating costs	(24,353,259)	(499,000)	(2,421,822)	(19,415,205)	(778,115)	0
EBIT	1,769,852	(499,000)	(2,018,773)	3,087,078	(166,819)	0
Write-down of equity investments	0			0		
Financial income	4,642,155	4,639,806		2,773,805	2,530,744	1,169,869
Financial expenses	(1,306,636)	(38,309)		(428,277)	(15,981)	
Exchange gains/(losses)	2,012			0		
PROFIT BEFORE TAXES	5,107,383	4,102,498	(2,018,773)	5,432,605	2,347,944	1,169,869
Income taxes	(259,395)			807,910		1,015,464
NET PROFIT	4,847,988	4,102,498	(2,018,773)	6,240,515	2,347,944	2,185,333

“Other revenues and income” includes Euro 403 thousand relating to the non-recurring tax credit, received in relation to consultancy costs incurred for the

regulated market listing. The residual portion, in line with the previous year, concerns the sale of non-core product and services. The amount of Euro 499 thousand refers to the lease contract with Wiit Fin Srl, classified under depreciation as established by IFRS16 "rights-of-use". In the previous year, the Patent Box benefit relating to previous years was classified as non-recurring.

34. COMMITMENTS

Guarantees granted

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

35. SUBSEQUENT EVENTS

On January 21, 2021, the Parent Company signed a five-year 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, the Parent Company signed the four-year renewal of its existing contract with one of the main operators providing Credit Management services for a value of approx. Euro 3.3 million. The scope of the contract, in addition to the renewal of the "Smart Working as a Service" service, has also been extended to WIIT's Cyber Security platform. In particular, the Customer has adopted innovative Data Governance services for its Hybrid Cloud environments that will also enable controlled access to proprietary confidential information. This extension confirms that Cyber Security is now a key element that customers recognize as an integral part of the Hybrid and Private Cloud model. The Customer has embarked on a major expansion and together with the growth of the business has seen an increase in the number of users needed to meet market demands, which have increased in the three-year period from less than 100 to about 400. WIIT's ongoing services - based on a consolidated governance model which meets and combines business and operational needs - has allowed users to operate at full capacity even amid the COVID-19 pandemic.

Disclosure as per Article 1, paragraph 125 of Law No. 124 of August 4, 2017

In relation to the provisions of Article 1, paragraph 125-bis of Law No. 124/2017, regarding the obligation to report in the notes to the financial statements any sums of money received during the financial year by way of grants, contributions, paid assignments and in any case economic benefits of any kind from the public sector bodies and the parties referred to in paragraph 125-bis of the same article, it is noted that the Company has not reported the receipt of contributions from the Public Sector.

**Statement on the 2020 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 2020.

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, 2021.

ALESSANDRO COZZI
Chief Executive Officer

STEFANO PASOTTO
Executive Officer for Financial Reporting

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 5 maggio 2021

(art. 153 T.U.F. e art. 2429 c.c.)

1. Premessa: fonti normative, regolamentari e deontologiche

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 Corporate Governance.

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 Corporate Governance 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;

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 infragruppo 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 infragruppo e quelle con parti correlate poste in essere nel corso dell'esercizio chiuso il 31 dicembre 2020, 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 infragruppo 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. 31 delle Note esplicative al Bilancio d'esercizio;
- c) la società di revisione Deloitte & Touche S.p.A. ha emesso in data 31 marzo 2021 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 2020 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 sono stati conferiti alla società di revisione Deloitte & Touche S.p.A., previa approvazione del Comitato per il Controllo Interno e la revisione Contabile, i seguenti incarichi diversi dall'attività di revisione legale dei conti:

- incarico per la predisposizione del parere, ai sensi dell'art. 2441, quarto comma, secondo periodo, del Codice Civile, sull'adeguatezza del criterio proposto dagli amministratori ai fini della determinazione di un prezzo di emissione delle azioni di WIIT S.p.A. corrispondente al valore di mercato delle stesse, in occasione dell'aumento di capitale sociale con esclusione del diritto di opzione nei limiti del 10% del capitale esistente ai sensi dell'art. 2441, quarto comma, secondo periodo, del Codice Civile;
- altri Non-Audit Services (NAS), opportunamente ratificati dal CCIRC;

il CCIRC, nell'esaminare gli incarichi, non ha ravveduto rischi per l'indipendenza, ed ha confermato il permanere dei requisiti di indipendenza, imparzialità e obiettività, provvedendo pertanto a ratificare i servizi diversi dalla revisione legale sopra elencati;

- f) nel corso dell'esercizio chiuso il 31 dicembre 2020 il Collegio non ha ricevuto denunce ai sensi dell'art. 2408 c.c., né esposti da parte di terzi;
- g) nel corso dell'esercizio chiuso al 31 dicembre 2020 il Collegio Sindacale si è riunito 9 volte, con cadenza minima trimestrale, mentre il Consiglio di Amministrazione si è riunito 6 volte, con cadenza minima trimestrale. Tramite il Presidente e gli altri sindaci il Collegio ha partecipato ad alcune delle riunioni 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. 30 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 manifestatamente 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 delle 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 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 Corporate Governance, 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.

Il Collegio ritiene tuttavia che la struttura comunicativa del gruppo dovrà essere costantemente migliorata a seguito di nuove e future acquisizioni.

Nel corso dell'esercizio si sono perfezionate le seguenti acquisizioni:

- 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;
- In data 19 settembre 2020 la Società ha sottoscritto accordi per l'acquisizione di Myloc Managed IT AG. L'operazione è stata successivamente perfezionata in data 30 settembre 2020.

I rapporti intervenuti con tali società sono trattati al punto 31 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 31 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 2020, 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 gli effetti derivanti dall'epidemia di Covid-19, chiarendo che l'impatto economico della pandemia non ha eccessivamente colpito il business della società, tuttavia, il persistere dell'emergenza sanitaria anche durante i primi mesi del 2021, induce gli Amministratori al continuo monitoraggio dell'andamento del business, nonché degli eventi esogeni che possano comportare conseguenze negative sull'assetto patrimoniale e finanziario dell'Azienda.

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.

13. Risultato dell'esercizio sociale

Il risultato netto accertato dall'organo di amministrazione relativo all'esercizio chiuso al 31 dicembre 2020, come anche evidente dalla lettura del bilancio, risulta essere positivo per euro 4.847.988.

L'Organo Amministrativo propone in sede di approvazione del bilancio di destinare parzialmente l'utile dell'esercizio 2020 a distribuzione di dividendi, come riportato nella relazione sulla gestione.

Il Collegio non ha nulla da osservare, facendo notare che la decisione in merito spetta all'Assemblea degli azionisti.

14. Conclusioni

Sulla base di quanto sopra esposto e per quanto è stato portato a conoscenza del collegio sindacale ed è stato riscontrato dai controlli periodici svolti, si ritiene all'unanimità che non sussistano ragioni ostative all'approvazione da parte Vostra del progetto di bilancio per l'esercizio chiuso al 31 dicembre 2020 così come è stato redatto e Vi è stato proposto dall'Organo di Amministrazione.

Milano, 31 marzo 2021

Il Presidente,

Luca Valdameri

(Relazione approvata con consenso unanime)

**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 Wiit S.p.A. (la "Società"), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2020, 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 2020, 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Impairment test delle partecipazioni in società controllate

Descrizione dell'aspetto chiave della revisione

La Società detiene partecipazioni in società controllate per complessivi Euro 73,7 milioni e 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 2021 – 2023, la determinazione di un appropriato tasso di attualizzazione (WACC) e di 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 il 17 marzo 2021, 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 2020, 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 2020 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 2020 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 2021