



PRESS RELEASE

WIIT S.p.A. BoD approves H1 2019 Group results ⁽¹⁾

Sales continue to rise +38%, driven by extensions to existing customer contracts and the winning of new customers

Net Profit +160%

The WIIT Group in H1 2019 reports:

- Consolidated revenues of Euro 14.8 million (Euro 10.7 million in H1 2018), +38% on H1 2018 - driven by organic growth and ongoing market expansion. Organic revenues, net of the M&A effect, were up 10%;
- Consolidated Adjusted EBITDA of Euro 5.9 million (Euro 4.6 million in H1 2018), +28% on H1 2018; 40% revenue margin improves on Q1 and highlights significant operating process and services optimisation;
- Net of the M&A effect, Adjusted EBITDA grew 16.4% - more proportionally than organic revenues growth, with a 46% margin - highlighting WIIT's central position on the Italian market;
- Consolidated Adjusted EBIT of Euro 3.0 million (Euro 2.2 million in H1 2018), +33.2% on H1 2018, with margin growth to 20.1%;
- Adjusted net profit of Euro 4.0 million (Euro 1.5 million in H1 2018), +160% on H1 2018, thanks also to the Patent Box effect;
- Net Financial Position (excluding impact from application of IFRS 16): debt of Euro 3.2 million (debt of Euro 3.3 million at December 31, 2018);
- Tax benefit continues following "Patent Box" agreement signed for the 2015-2019 tax years, extendable for an additional 5 years. The tax benefit for WIIT over the period will be fully reflected in the 2019 results and quantified on preparing the relative financial statements. Categorisable income for the initial 2015/2018 period is estimated at approx. Euro 7.7 million. The tax benefit obtained thanks to the Patent Box in the first half-year was Euro 0.95 million;
- Completed in July 2019 the acquisition of Matika to support the North-Eastern growth.

Milan, September 12, 2019 – The Board of Directors of WIIT S.p.A ("WIIT" or the "**company**"; ISIN IT0004922826; WIIT.MI), a leading Italian player in the Cloud Computing market of enterprises demanding uninterrupted Hybrid Cloud and Hosted Private Cloud services for critical applications, in a meeting overseen by the Chairman of the Board of Directors Riccardo Mazzanti has approved the H1 2019 Group results, drawn up according to IFRS.

⁽¹⁾ For the definitions of Adjusted EBITDA, Reported EBITDA, Adjusted EBIT, Net Financial Position, Adjusted net profit), reference should be made to the "Alternative performance measures" paragraph of this Press Release.



The Chief Executive Officer Alessandro Cozzi observed:

"We are greatly satisfied with the results achieved for the first half of the year, featuring sustained organic growth centred on upselling to existing customers and the winning of new customers, driven by their migration to the new SAP Hana platform and the consequent choice to put systems in the Cloud. Adelante, acquired in 2018, delivered upon the set objectives and we look to the second half of the year with optimism, thanks also to the contribution of Matika, whose 2019 results are expected to be in line with our expectations; in addition, the contract concluded with Viasat allows us to open new IOT markets.

The Net Financial Position, excluding the IFRS 16 effect, has improved on December 31, 2018 and stems from the increased cash generated by the company through a business model which creates major economies of scale and does not demand CAPEX proportional to business growth. Indeed, the usage level of our data centers (currently at approx. 40%) enables us to support development without substantial investment in the medium term.

The company continues to be committed - also following the Adelante and Matika acquisitions and in line with our objectives - to focusing on acquisition-led growth and we are continuing to assess consolidation opportunities both in Italy and overseas.

* * *

H1 2019 Consolidated Results

WIIT Group **consolidated revenues** for H1 2019 totalled Euro 14.8 million, significantly up (+38.0%) on Euro 10.7 million for H1 2018. This increase was driven by organic growth, with the acquisition of new contracts, the extension of existing contracts and the contribution of Adelante, which is in line with expectations.

Consolidated **Adjusted EBITDA** in H1 2019 amounted to Euro 5.9 million (+28%), compared to Euro 4.6 million in H1 2018, with a 40% margin and organic growth - net of the M&A effect - more than proportional of that for revenues and a margin of 46%.

H1 2019 **EBITDA** adjustment concerns the non-recurring costs incurred for the STAR segment listing and M&A operations of approx. Euro 1 million.

Adjusted EBIT was Euro 3.0 million in H1 2019 (Euro 2.2 million in H1 2018), with a 20.1% margin.

Adjusted Net Profit in H1 2019 of Euro 4.0 million, compared to Euro 1.5 million in H1 2018, registered a growth of 160% - mainly owing to the operating results and also to the "Patent Box" tax benefit, estimated following the agreement signed by the company with the Tax Agency, which generated a positive net income tax balance in H1 2019 of Euro 0.95 million.

The **Net Financial Position (debt)**, considering the IFRS 16 impact of approx. Euro -5.8 million in the period, increased from a debt of Euro -4.4 million at December 31, 2018 to Euro -9.0 million at June 30, 2019.

Strong cash flows were generated from operating activities in the first half of the year. Cash and cash equivalents grew by approx. Euro 1.6 million over December 31, 2018, despite CAPEX of approx. Euro 2.8 million in IT infrastructure related to new orders signed in the first half, and in part related to improvements at the new Headquarters and the impact of non-recurring costs incurred for the STAR segment listing and M&A operations of approx. Euro 1 million.

Buyback Plan continues, the Company at June 30th 2019 bought Euro 0.2mln corresponding to 0,16% of the share capital.



Significant events in the period and subsequent events

On March 25, 2019, the company was listed on the STAR segment of the Italian Stock Exchange (Mercato Telematico Azionario - "**MTA**"), organised and managed by Borsa Italiana S.p.A., concluding a process begun in November 2018, with trading from April 2, 2019.

In March 2019, WIIT signed a multi-year contract worth approx. Euro 5.3 million with F.I.L.A. S.p.A., a consumer goods leader, for a new project to manage the increasing complexity of the business and to safeguard security - key elements of the Hybrid Cloud and Hosted Private Cloud service provided by WIIT.

In April 2019, the company signed with the Tax Agency a preliminary agreement for the application of the "Patent Box" tax break for the five-year period 2015-2019, with the option to extend this benefit to the following five-year period 2020-2024.

The Patent Box supports enterprises producing income through the direct and indirect use of intellectual property, patents, software and other intangible assets; the tax break for 2015 was calculated by excluding from the assessable base 30% of the income relating to the use of qualifying intangible assets, for 2016 the exclusion percentage is 40%, while amounting to 50% for the 2017-2019 three-year period. This taxation system is renewable.

The tax benefit for WIIT over the 2015-2019 period will be fully reflected in the 2019 results and quantified on preparing the relative financial statements. Categorisable income in the first period of 2015/2018 is estimated at approx. Euro 7.7 million

On May 29, in execution of the Shareholders' Meeting motion of November 30, 2018, the buy-back plan to acquire WIIT shares on the MTA began, also through specialised intermediaries.

On June 20, 2019, the preliminary sales contract of the company Matika S.p.A. ("**Matika**") was signed. Headquartered in Vicenza, MATIKA has operated for more than 25 years and is currently a Managed Service Provider (MSP) focused mainly on Veneto and the following business areas: Managed infrastructural services and Cloud solutions; Professional infrastructural services; Trading Hardware and software. The agreements cover: (i) the initial acquisition of a 60% majority holding in MATIKA; and (ii) the granting of put and call options, to which variable price components are linked ("earn out"), subject to the achievement of set MATIKA earnings objectives - for the acquisition of the residual 40% holding in Matika. On July 4, 2019, the notary deed for the acquisition of the above majority holding in Matika for consideration of approx. Euro 6.4 million was signed (including 60% of the estimated cash and net of a withholding guarantee on any price adjustments and indemnities).

* * *

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

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

* * *

WIIT S.p.A.

WIIT S.p.A., listed on the STAR segment of the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A (WIIT.MI), is a leading Italian Cloud Computing market player, focused particularly on the Hybrid Cloud and Hosted Private Cloud for enterprises market. This company specialises in Hosted Private and Hybrid Cloud services for enterprises requiring critical application and business continuity management, with all the main international



application platforms managed (SAP, Oracle and Microsoft) using an end-to-end approach. WIIT manages proprietary data centers, with the main center "Tier IV" certified by the Uptime Institute LLC of Seattle (United States), the highest reliability level attainable, while also among the most certified SAP partners globally. For further details, reference should be made to the company website (wiit.cloud).

For further information:

Investor Relations WIIT S.p.A.:

Stefano Pasotto – CFO & Investor Relations Director

Francesca Cocco – Lerxi Consulting – Investor Relations

T +39.02.3660.7500

Fax +39.02.3660.7505

ir@wiit.cloud

www.wiit.cloud

Corporate & Finance Press Office

Spriano Communication&Partners

Matteo Russo and Cristina Tronconi

Tel. 02 83635708 mob. 347/9834881

mrusso@sprianocommunication.com

ctronconi@sprianocommunication.com

@SprianoComm



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

CONSOLIDATED BALANCE SHEET

	Reported 30.06.19	Reported 31.12.18	Adjusted 30.06.19	Adjusted 31.12.18
ASSETS				
Other intangible assets	3,617,581	2,723,216	3,617,581	2,723,216
Goodwill	9,736,045	9,736,046	9,736,045	9,736,046
Rights of use	5,813,437	1,326,694	5,813,437	1,326,694
Property, plant and equipment	3,660,235	3,955,437	3,660,235	3,955,437
Other tangible assets	9,721,493	9,867,552	9,721,493	9,867,552
Equity investments and other non-current financial assets	68,062	68,062	68,062	68,062
Other non-current assets deriving from contracts	575,161	709,823	575,161	709,823
Other non-current assets	337,566	333,666	337,566	333,666
NON-CURRENT ASSETS	33,529,580	28,720,495	33,529,580	28,720,495
Inventories	0	0	0	0
Trade receivables	4,109,119	4,699,371	4,109,119	4,699,371
Trade receivables from group companies	400,244	460,965	400,244	460,965
Current financial assets	156	0	156	0
Deferred tax assets	666,869	685,410	666,869	685,410
Current assets deriving from contracts	299,615	329,905	299,615	329,905
Other receivables and other current assets	2,467,650	1,404,458	2,467,650	1,404,458
Cash and cash equivalents	19,555,472	17,930,107	19,555,472	17,930,107
CURRENT ASSETS	27,499,124	25,510,216	27,499,124	25,510,216
TOTAL ASSETS	61,028,704	54,230,711	61,028,704	54,230,711

	Reported 30.06.19	Reported 31.12.18	Adjusted 30.06.19	Adjusted 31.12.18
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share Capital	2,652,066	2,652,066	2,652,066	2,652,066
Share premium reserve	19,248,704	19,248,704	19,248,704	19,248,704
Legal reserve	530,413	513,214	530,413	513,214
Other reserves	(5,173,098)	(4,921,971)	(5,173,098)	(4,921,971)
Reserves and retained earnings (accumulated losses)	2,379,276	1,241,408	2,379,276	1,241,408
Translation reserve	50,457	13,698	50,457	13,698
Net Profit for the period	2,822,950	3,496,340	2,822,951	3,496,340
Total Shareholders' Equity	22,510,769	22,243,459	22,510,769	22,243,459
SHAREHOLDERS' EQUITY				
Payables to other lenders	8,099,995	4,801,538	8,099,995	4,801,538
Bank payables	8,064,458	6,144,430	8,064,458	6,144,430
Other non-current financial liabilities	2,550,000	2,550,000	2,550,000	2,550,000
Employee benefits	1,406,603	1,259,295	1,406,603	1,259,295
Deferred tax liabilities	214,768	214,022	214,768	214,022
Non-current liabilities deriving from contracts	1,095,327	1,339,529	1,095,327	1,339,529
Other payables and non-current liabilities	1	0	1	0
NON-CURRENT LIABILITIES	21,431,152	16,308,814	21,431,152	16,308,814
Payables to other lenders	4,632,113	3,922,970	4,632,113	3,922,970
Current bank payables	4,661,552	3,817,932	4,661,552	3,817,932
Current income tax liabilities	500,837	669,451	500,837	669,451
Other current financial liabilities	950,000	1,410,000	950,000	1,410,000
Trade payables	3,662,929	3,802,103	3,662,929	3,802,103
Payables to group companies	280,586	0	280,586	0
Current liabilities deriving from contracts	627,004	765,604	627,004	765,604
Other payables and current liabilities	1,771,763	1,290,378	1,771,763	1,290,378
CURRENT LIABILITIES	17,086,783	15,678,438	17,086,783	15,678,438
LIABILITIES HELD-FOR-SALE	0	0	0	0
TOTAL LIABILITIES	61,028,704	54,230,711	61,028,704	54,230,711

CONSOLIDATED INCOME STATEMENT

	Reported H1 2019	Reported H1 2018	Adjusted H1 2019	Adjusted H1 2018	Cge %
REVENUES AND OPERATING INCOME					
Revenues from sales and services	14,748,399	10,059,949	14,748,399	10,059,949	
Other revenues and income	25,406	622,891	25,406	622,891	
Total revenues and operating income	14,773,805	10,682,840	14,773,805	10,682,840	38.3%
OPERATING COSTS					
Purchases and services	(7,104,742)	(3,936,394)	(6,107,194)	(3,936,394)	
Labour costs	(2,613,229)	(2,116,533)	(2,613,229)	(1,975,234)	
Amortisation, depreciation, and write-downs	(2,900,747)	(2,398,190)	(2,900,747)	(2,358,190)	
Provisions	0	0	0	0	
Other costs and operating charges	(172,095)	(175,722)	(172,095)	(175,722)	
Change Inventories of raw mat., consumables and goods	0	0	0	0	
Total operating costs	(12,790,813)	(8,626,839)	(11,793,265)	(8,445,541)	
EBIT	1,982,992	2,056,001	2,980,540	2,237,299	33.2%
Write-down of equity investments	0	0	0	0	
Financial income	207,336	1,691	207,336	1,691	
Financial expenses	(128,436)	(314,924)	(128,436)	(314,924)	
Exchange gains/(losses)	(10,591)	10,867	(10,591)	10,867	
PROFIT BEFORE TAXES	2,051,301	1,753,634	3,048,850	1,934,933	
Income taxes	771,649	(370,231)	951,208	(397,822)	
NET PROFIT FROM CONTINUING OPERATIONS	2,822,950	1,383,403	4,000,057	1,537,111	160.2%
Net profit from discontinued operations	0	0	0	0	
NET PROFIT	2,822,950	1,383,403	4,000,057	1,537,111	160.2%
EBITDA	4,883,739	4,454,191	5,881,287	4,595,489	28.0%
	33.1%	41.7%	39.8%	43.0%	
EBIT	1,982,992	2,056,001	2,980,540	2,237,299	33.2%
	13.4%	19.2%	20.2%	20.9%	

COMPREHENSIVE INCOME STATEMENT

	H1 2019	H1 2018
NET PROFIT FROM CONTINUING OPERATIONS	2,822,950	1,383,403
Discounting Provisions for employee benefits (IAS19)	(83,151)	(13,158)
Tax effect of other comprehensive income items for the period	23,200	5,092
NET PROFIT FROM CONTINUING OPERATIONS	2,762,999	1,375,337

	30/06/19 Consolidated	31/12/18 Consolidated	31/03/19 Consolidated
Current financial assets	156	0	156
Cash and cash equivalents	19,555,472	17,930,107	18,884,803
Cash and cash equivalents and treasury shares	19,555,628	17,930,107	18,884,959
Payables to other lenders	(4,632,113)	(3,922,970)	(4,353,213)
Short-term loans and borrowings	(4,661,552)	(3,817,932)	(4,222,697)
Other current financial liabilities	(950,000)	(1,410,000)	(950,000)
Short-term financial payables	(10,243,664)	(9,150,902)	(9,525,910)
Short-term net financial position	9,311,963	8,779,205	9,359,049
Other non-current financial assets	337,566	333,666	333,666
Payables to other lenders	(8,099,995)	(4,801,538)	(6,735,787)
Bank payables	(8,064,458)	(6,144,430)	(4,901,907)
Other non-current financial liabilities	(2,550,000)	(2,550,000)	(2,550,000)
Net financial position - Medium/long-term	(18,376,886)	(13,162,303)	(13,854,029)
Net financial position - Short/long-term	(9,064,923)	(4,383,098)	(4,494,980)
Lease payables IFRS 16 (current)	1,167,372	614,104	736,422
Lease payables IFRS 16 (non-current)	4,654,933	470,127	2,361,503
Net financial position - Short/long-term (excluding IFRS 16 impact)	(3,242,618)	(3,298,867)	(1,397,055)



The Private Cloud

CASH FLOW STATEMENT

CASH FLOW STATEMENT (in Euro)	30.06.19 Consolidated	30.06.18 Consolidated
Net profit from continuing operations	2,823	1,383
<i>Adjustments for non-cash items:</i>		
Amortisation, depreciation, revaluations and write-downs	2,361	2,398
Financial assets adjustments	0	0
Change in provisions	147	88
Increase (decrease) provisions for risks and charges	0	0
Financial expenses	128	315
Income taxes	(772)	370
Cash flow generated from operating activities before working capital changes	4,688	4,555
<i>Changes in current assets and liabilities:</i>		
(Increase) decrease in inventories	0	0
Decrease/(increase) in trade receivables	631	290
Decrease (increase) tax receivables	19	(455)
Decrease (increase) other current assets	(1,033)	(1,231)
Increase (Decrease) in trade payables	(398)	(193)
Increase (Decrease) in tax payables	808	(52)
Increase/(decrease) in other current liabilities	343	3,109
<i>Cash flow generated from operating activities</i>		
Income taxes paid	(205)	0
Interest paid/received	(128)	(315)
Net cash flow generated from operating activities (a)	4,724	5,708
Net increase tangible assets	(1,480)	(3,060)
Net increase intangible assets	(1,313)	(2,307)
Net decrease (increase) in financial assets	131	(250)
Acquisition or sale of subsidiaries or business units net of cash and cash equivalents	0	0
Net cash flow used in investing activities (b)	(2,663)	(5,618)
Finance lease payables	(1,001)	(1,472)
New payables for finance leases	1,061	1,560
New financing	5,005	6,779
Repayment of loans	(2,240)	(2,206)
Drawdown (settlement) other financial investments	(704)	(100)
Increases (decreases) in bank overdrafts	(2)	241
Financial movements for centralised treasury management	0	0
Distribution dividends	(2,329)	(2,126)
Acquisition of treasury shares	(204)	0
Other changes to SE	(23)	(3,515)
Net cash flow from financing activities (c)	(436)	(838)
Increase (decrease) Net cash flow from financing activities (a+b+c)	(1,625)	(747)

CASH FLOW STATEMENT (in Euro)	30.06.19 Consolidated	30.06.18 Consolidated
Cash and cash equivalents at end of period	19,555	20,767
Cash and cash equivalents at beginning of period	17,930	21,514
Net increase/(decrease) in cash and cash equivalents	1,625	(748)

Alternative performance indicators

Adjusted EBITDA - A non-GAAP measure used by the Group to measure performance. It equates to EBITDA gross of the following accounts: "IPO process costs", merger & acquisition costs and personnel costs as per IFRS 2 regarding performance shares. Adjusted EBITDA is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the Company may not be uniform with the criteria adopted by other groups and, therefore, its value for the Company may not be comparable with that calculated by such groups.

EBITDA - A non-GAAP measure used by the Group to measure performance. EBITDA is calculated as the sum of the net profit for the period gross of taxes, income (including exchange gains and losses), financial expenses and amortisation, depreciation and write-downs. EBITDA is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the Company may not be uniform with the criteria adopted by other groups and, therefore, its value for the Company may not be comparable with that calculated by such groups.

EBITDA margin - Ratio in percentage terms between EBITDA and total revenues and income.

EBIT - A non-GAAP measure used by the Group to measure performance. EBIT is the sum of the net profit for the period, gross of taxes, income (including exchange gains) and losses and financial expenses. EBIT is not recognised as an accounting measure within IAS/IFRS adopted by the European Union. Consequently, the criteria applied by the Company may not be uniform with the criteria adopted by other groups and, therefore, its value for the Company may not be comparable with that calculated by such groups.

Adjusted EBIT - Adjusted EBIT is Adjusted EBITDA, net of amortisation, depreciation and write-downs.

EBIT margin - Ratio in percentage terms between EBIT and total revenues and income.

The adjusted profit attributable to the owners of the Parent is the result for the period attributable to the owners of the Parent, as published in the Consolidated Income Statement, net of the relative adjustment items. Adjustment items: earnings items are considered for adjustment where they: (i) derive from non-recurring events and operations or from operations or events which do not occur frequently; (ii) derive from events and operations not considered as in the normal course of business operations.

Net Financial Position (debt): this is a valid measure of the Group's financial structure. It is calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets regarding derivative instruments, excluding financial liabilities (current and non-current) relating to operating leases recognised to the financial statements as per IFRS 16.



Total Net Financial Position (debt) includes also financial liabilities for leases recognised to the financial statements as per IFRS 16, previously classified as operating leases.