



## PRESS RELEASE

### WIIT ANNOUNCES ACQUISITION OF MATIKA TO STRENGTHEN NORTH-EAST ITALY PRESENCE

Milan, June 20, 2019 – **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 and listed on the STAR segment of the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A., announces the signing today of agreements for the progressive acquisition of 100% of the share capital of MATIKA S.p.A. ("**MATIKA**"), the Italian leader for over 25 years in Information Security, Cloud Management, System Integration and CRM services in the North East.

The agreements stipulate the initial acquisition of a 60% majority holding in MATIKA for consideration of approx. Euro 6.1 million (calculated based on an *Enterprise Value* of Euro 8.5 million, using multiples based on historic and forecast data of the company, and the majority premium recognised to the sellers), to which 60% of the net financial position at the execution date shall be added (expected to be positive).

For the acquisition of the residual 40% put and call options are stipulated, to which variable price components are linked ("earn out"), subject to the achievement of set MATIKA earnings objectives.

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**Alessandro Cozzi, CEO of WIIT, stated:** *"This acquisition falls within the scope of the strategy stated upon listing and, following the entry of Adelante, is a second major step for our Group's Italian market growth and consolidation. The fully complementary offer will allow the Group to provide, as per the development strategy, an increasingly broad range of services to the highly-loyal MATIKA customer base consisting of mid and mid-large size enterprises engaged in the world of services, fashion and manufacturing. We also expect major cost synergies with the bringing in-house of Data Center management, drawing on the broad capacity and excellence of WIIT. We are greatly satisfied with this transaction which permits us to boost the production capacity available to WIIT and to grow the business' critical mass, also ahead of the further acquisitions which underlie the Group's domestic and international development strategy".*

**Francesco Baroncelli, M&A Chief & Head of New Markets of WIIT stated:**

*"MATIKA is the perfect target for WIIT as strengthening the Group's presence on the mid and mid-large enterprises market in Triveneto, an area featuring excellent industrial chains, while further consolidating our Italian market share. My role as manager and Board member with responsibility for WIIT's international expansion and M&A's, while at the same time having been an entrepreneur involved in his company's acquisition, has allowed me to understand the needs of the parties involved, demonstrating with facts and personal experience that being part of a larger and ever-growing Group can represent an additional engine for development, within one of the most promising business combinations on the market, thanks to the existing strategic and technological links".*

**Stefano Dario, CEO of MATIKA stated:**

*With great enthusiasm we join the WIIT Group as the ideal partner to continue our ambitious development path. We are particularly satisfied with this transaction as part of Matika's strategic*



*development plan. Our current and future customers will benefit from the synergies arising, which allows us to expand our offer, as well as boost MATIKA's presence in the North-East. The commitment of the MATIKA-WIIT team permits our expansion into new markets and improved customer satisfaction. The transaction is a natural progression and it is fully in line with the industrial plan and the management that has brought the company to this point. The results achieved thus far by Matika are not the result of any particular individuals work, but owe to the entire team that will be fundamental in delivering upon future and increasingly challenging goals.*

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## 1. WIIT Group M&A Plan

The WIIT Group development plan, through the integration of new businesses, focuses on two geographic categories:

- a. **National:** through the consolidation of highly synergetic entities for the Group;
- b. **International:** through the expansion into more attractive areas in terms of acquirable market breadth and value.

The acquisition of MATIKA is clearly part of "National" development and benefits from the following features:

- the close link with the Group in terms of business model revenues, based on "Hybrid Cloud" infrastructure and infrastructural managed services;
- the highly developed managerial and technical level of the organisation;
- scope, cost and revenue synergies over the medium-term;
- the coverage of a geographical area rich in opportunities in general and specifically for the WIIT Group's offer;
- the loyal and high-profile customer portfolio with further expansion possibilities both in terms of new customers and services offered;

## 2. MATIKA business description

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.

Founded as a traditional System Integrator with "one shot" trading and professional services as its core business, the company has for many years been modernising its business model focused on managed services and consequently recurring long-term revenues, which are now the main source of income and the lynchpin of the future development plan, in addition to an asset of great interest to WIIT in support of its offer.

MATIKA has for some time been in profit and continues to grow (ITA GAAP). Matika reports Value of Production of Euro 9.2 million for 2018, up on the previous year, of which approx. 50% stemming from recurring revenue contracts (managed and Cloud services), with EBITDA of Euro 1.8 million, of which 70% stemming from recurring revenues, with a net profit of Euro 0.84 million.



### 3. Transaction Outline

The acquisition contract stipulates that WIIT acquires 60% of the share capital of MATIKA against cash consideration of approx. Euro 6 million, to which the 60% of the net financial position of MATIKA (expected to be positive) at the acquisition execution date will be added. The closing for the acquisition of the 60% is forecast in July 2019.

The acquisition of the remaining portion of MATIKA'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 MATIKA from the approval of the 2020 Annual Accounts and (ii) the acquisition of the final 20% of MATIKA from the approval of the 2021 Annual Accounts.

The exercise price of each option comprises a fixed component of approx. Euro 1.2 million, to which the 20% of the net financial position of MATIKA at the acquisition's execution date shall be added. Further to this fixed component, subject to the achievement of the specific 2019-2021 business plan objectives of MATIKA, 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 4.0 million, on the basis of MATIKA's EBITDA, and an additional variable maximum overall price component of Euro 1.5 million, on the basis of revenues increase deriving from commercial synergies between WIIT and MATIKA.

The payment of the consideration for the acquisition of the initial 60% shall be in cash, drawing on WIIT's available liquidity. The payment of the consideration for the acquisition of the investments from the exercise of the options shall be 50% in cash with the residual 50%, at the choice of WIIT, in cash and/or through the allocation of WIIT shares (with a 12-month lock-up restriction).

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 sellers, in order to ensure the going concern of the business, shall remain involved in the management of MATIKA, with Stefano Dario as chief executive officer with powers of ordinary administration.

A shareholder's agreement was also signed between the sellers and WIIT covering MATIKA's corporate governance, with the establishment (subject to the control of WIIT) of certain veto rights for the sellers and of limits on the transfer of shares held, including a non-transferability commitment on MATIKA shares (lock-up) for 3 years and co-sale rights and obligations (tag-along and drag-along).

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WIIT was supported in the transaction by the Pedersoli Legal Firm, by Deloitte for accounting due diligence and by the Pirola Firm for Tax and Labour Law matters. MATIKA was supported by Francis De Zanche, Alberto Ferracina and Riccardo Carraro of ADACTA as Financial and Legal Advisors.

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#### **WIIT S.p.A.**

*WIIT S.p.A., listed on the STAR segment (WIIT.MI) of the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A., 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 (<http://www.wiit.cloud>)

For further information

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