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Informazione Regolamentata n. 20101-38-2024	Data/Ora Inizio Diffusione 9 Maggio 2024 13:24:09	Euronext Star Milan

Societa'	:	WIIT
Identificativo Informazione Regolamentata	:	190319
Utenza - Referente	:	WIITNSS01 - PASOTTO
Tipologia	:	REGEM
Data/Ora Ricezione	:	9 Maggio 2024 13:24:09
Data/Ora Inizio Diffusione	:	9 Maggio 2024 13:24:09
Oggetto	:	WIIT_PR_Q1 2024 Results

Testo del comunicato

Vedi allegato

THE PREMIUM CLOUD

PRESS RELEASE

The Board of Directors of WIIT S.p.A. approves the consolidated results as at 31 March 2024[1]

Revenues at Euro 33.5 million +5.5% vs Q1 2023 (Euro 31.8 million) driven in particular by organic growth in Germany and the acquisition of new customers German market at 55.1% of total turnover

Group recurring revenues at 90.1% of the total, of which 82.5% in Italy and 98% in Germany

Core revenue[2] at Euro 29.2 million +7.7% vs Q1 2023

(Euro 14.8 million in Italy and Euro 14.4 million in Germany)

Adjusted EBITDA at Euro 13.0 million +8.4% compared to Q1 2023 (Euro 12.0 million) more than proportionally higher than turnover due to the development of higher value-added services in Italy and Germany and cost synergies

German market at 48.9% of Group Adjusted EBITDA

Group revenue margin at 38.9%, a significant improvement vs Q1 2023 (37.8%) and in line with FY2023 thanks, in particular, to Italy at 44.3% (40.8% in Q1 2023)

Adjusted EBIT at Euro 7.2 million +6.6% vs Q1 2023 (Euro 6.7 million), at 21.3% (21.1% in Q1 2023)

Adjusted Net Profit at Euro 4.1 million +5.3% vs Q1 2023 (Euro 3.9 million)

Corporate reorganisation of WIIT AG finalised with the merger of Lansol, Global Access, myloc and Boreus

Acquisition of Econis AG in Switzerland successfully completed

[1] For the definitions of the alternative performance indicators used (including EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Net Financial Position/Net Debt, Adjusted Net Financial Debt and Adjusted Net Profit), please refer to the section "Alternative Performance Indicators" at the end of this press release.

[2] Core revenue refers to companies operating in the Cloud and Cyber Security market, excluding the consulting company Gecko.

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Milan, 09 May 2024 **–** The Board of Directors of WIIT S.p.A. ("**WIIT**" or the "**Company**"; ISIN IT0005440893; WIIT.MI), one of the leading European players in the market of Cloud Computing services for enterprises focused on the provision of continuous Hybrid Cloud and Hosted Private Cloud services for critical applications, met today and approved the consolidated results at 31 March 2024 - prepared in accordance with IFRS international accounting standards - of the group headed by WIIT (the "**WIIT Group**" or the "**Group**").

* * *

'The results for the first quarter of the year are in line with our expectations in both Italy and Germany. We completed the merger of the German companies, worked on the integration plan, and identified cost synergies that will be consolidated in 2025 due, in particular, to the rationalisation of WIIT AG's corporate functions in Germany. The acquisition of Econis AG allows us to enter a new market, Switzerland, and achieve additional synergies of around Euro 4 million by 2025". **Commented Alessandro Cozzi CEO of WIIT**. *"Finally, the sales pipeline, especially in Germany, leads us to confirm an expected high single digit growth in organic sales for 2024".*

* * *

At 31 March 2024, the WIIT Group recorded:

Consolidated revenues: Euro 33.5 million (Euro 31.8 million as at 31 March 2023, +5.5%);

Consolidated adjusted EBITDA: Euro 13.0 million (Euro 12.0 million as at 31 March 2023, +8.4%) margin on revenue at 38.9% (37.8% in Q1 2023);

Consolidated adjusted EBIT: Euro 7.2 million (Euro 6.7 million as at 31 March 2023, +6.6%) margin on revenue at 21.3% (21.1% in Q1 2023);

Adjusted Net Profit: Euro 4.1 million (Euro 3.9 million as at 31 March 2023, +5.3%);

Adjusted Net Financial Position (debt): Euro -157.2 million[3] (Euro -154.2 million as at 31 December 2023).

WIIT Group financial review as at 31 March 2024

Revenues amounting to **Euro 33.5 million (Euro 15.0 million in Italy, Euro 18.5 million in Germany), an increase of +5.5%** compared to Euro 31.8 million in the same period last year. The increase is driven by organic growth, characterised by the development of higher value-added services, increasing cross-selling to customers of the acquired companies and the entry of new customers, of which in Italy about +3.6% (core revenue growth was +7.9%) compared with the same period of last year and in Germany, approximately +7.0% (core revenue growth was +7.5%). The increase in absolute values is due to organic growth, as the Group's perimeter has remained unchanged. Please note that the consolidation of the newly-acquired

[3] Excluding the IFRS16 effect of Euro 11.6 million (Euro 10.6 million in 2023) and including the valuation of treasury shares in portfolio quantified at approximately Euro 34.4 million at market value as of 31 March 2024 (market value as of 31 December 2023 Euro 37.5 million).

companies EDGE&Cloud and Econis AG will start on 1 April 2024 and 1 May 2024, respectively.

Adjusted operating costs amounting to approximately Euro 11.5 million, show an increase of Euro 251 thousand compared to Q1 2023 mainly attributable to the development of the business and the increase in marketing and communication costs to support growth.

Adjusted personnel costs amounting to approximately Euro 9.1 million, showing an increase of Euro 800 thousand compared to the same period of the previous year. This change is mainly due to the development of the business, already starting in the second half of 2023, and investments in the corporate and commercial structure.

Consolidated Adjusted EBITDA amounting to **Euro 13.0 million** (Euro 12.0 million in Q1 2023), **+8.4%** compared to the same period of the previous year thanks to the concentration in Cloud services, the level of optimisation achieved in the organisation of processes and operational services, cost synergies and the continuous improvement of the margin of the acquired companies. **Revenue margin at 38.9%, an improvement over Q1 2023 (37.8%).**

As at 31 March 2024, the WIIT Group's margin in Italy is 44.3% and in Germany 34.5%, thanks to the focus on value-added services and cost synergies

The normalisation carried out at the level of Gross Operating Margin (EBITDA) as at 31 March 2024 refers to the effects deriving from the extraordinary M&A transactions in the amount of Euro 15.1 thousand and to the costs related to incentive plans based on financial instruments in the amount of Euro 155.3 thousand and personnel reorganisation costs for approximately Euro 10.8 thousand.

Adjusted EBIT (Net Operating Margin) amounting to **Euro 7.2 million** compared to Euro 6.7 million recorded in Q1 2023 **(+6.6%), representing 21.3% of revenues,** an improvement over Q1 2023 (21.1%). The value of amortisation, depreciation and impairment stood at approximately Euro 5.9 million, up by Euro 0.6 million compared to the previous year, and reflects the investments made.

The adjustment carried out at the level of EBIT at 31 March 2024 refers to the aforementioned adjustments at EBITDA level and to the value of the amortisation relating to the PPA ("Purchase Price Allocation") regarding acquisitions of Euro 1.2 million.

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Financial expenses amounting to Euro 2.0 million, mainly attributable to the effect of interest on bonds in the amount of Euro 1.3 million and financial expenses for bank loans and other lenders. The year-on-year increase was due to loans granted in the second half of 2023.

Adjusted Net Profit amounting to **Euro 4.1 million** compared to Euro 3.9 million as at 31 March 2023 **(+5.3%),** including the tax effect calculated on adjustments at the consolidated operating result level.

WIIT Group financial and equity review as at 31 March 2024

Net financial position (debt) amounting to **Euro -203.1 million** at 31 March 2024 (Euro -202.2 million at 31 December 2023), considering the IFRS16 impact of approximately Euro 11.6 million (Euro 10.6 million at 31 December 2023) **and excluding the valuation of treasury shares in portfolio quantified at approximately Euro 34.4 million at market value as of 31 March 2024** (market value as at 31 December 2023 of Euro 37.5 million).

The incidence of **investments (CAPEX) of about Euro 9.6 million** for the purchase of IT infrastructures in connection with new orders stipulated during the year both in Italy and abroad, and, in particular, for the renewal of a five-year contract for approximately Euro 3.5 million, concentrated in the first quarter of the year, and investments for rights of use for approximately Euro 2.6 million (IFRS16 leases and cars).

Cash flows generated by operating activities were recorded in Q1 2024 for Euro 9.8 million. Cash and cash equivalents amounted to Euro 19.2 million at 31 March 2024 and showed a difference of Euro +5.5 million compared to 31 December 2023, following maturity of the Government Securities in which the Group had invested.

The value does not include the valuation of treasury shares in portfolio quantified in approximately Euro 34,4 million at market value at 31 March 2024 (Euro 18.06 per share).

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Significant events in Q1 2024

On 18 January 2024, WIIT obtained a loan of Euro 10 million, backed by SACE's Green Guarantee. The intervention is part of Intesa Sanpaolo's more extensive plan to support corporate investments in environmental transition and NRRP-related objectives. The proceeds of the funding are intended to support the pursuit of the Environmental Goals (WIIT4Climate), specifically for the purchase of new servers, storage and software. The exponential increase in digital traffic volumes is in fact forcing ICT companies to adopt energy-efficient solutions and to move towards the production and procurement of energy from renewable sources. In line with this need, cloud providers and data centre companies

are looking for innovative technology solutions to reduce business energy consumption.
On 19 January 2024, WIIT announced, pursuant to Article 2-ter, paragraph 2, of Consob Regulation No. 11971/1999, that it no longer qualifies as a "Small and Medium Enterprise" ("SME") pursuant to Article 1, paragraph 1, letter w-quater.1), of Legislative Decree No. 58/1998 as of 1 January 2024, having exceeded the market capitalisation threshold of Euro 500.0 million for three consecutive years (2021, 2022 and 2023).
On 24 January 2024, WIIT AG, a full subsidiary of WIIT, signed an agreement to acquire the business unit called 'Edge & Cloud' with the German company German Edge Cloud GmbH & Co. KG, belonging to the Fridhelm Loh Group. The acquisition agreement provides for the payment of a base amount of Euro 2.5 million, at the closing of the transaction, and earn-out components up to a maximum aggregate amount of Euro 4 million, payable upon the achievement of certain revenue-based targets.
On 26 March 2024, the Group announced that an agreement was signed by WIIT to acquire 100% of Econis AG.
Econis AG, a Zurich-based company, is a Managed Services Provider that provides design, implementation and management services of Private Cloud infrastructures for the worlds of Banking, Health Care and Manufacturing in the German-speaking part of Switzerland. The services offered can be summarised as follows: (i) Managed services: Recursive services for the management of private cloud infrastructures at the customer's own or on the customer's infrastructure; (ii) Consultancy: IT infrastructure consulting services, including Cyber Security, mainly provided to new customers as a key to Managed Services; (iii) HW/SW trading: Resale of cloud infrastructures during the activation phase of the relationship with new customers or for the renewal of existing customers' infrastructures.

Significant events occurring after 31 March 2024

On 02 April 2024, the acquisition was finalised of the business unit Edge & Cloud through the subsidiary WIIT AG. With this acquisition, the Group expands its presence in the strategic Frankfurt area, with the acquisition of a portfolio of 40 loyal customers, as well as strengthening the team in Germany with the entry of new, highly qualified professionals.
On 12 April 2024, the deed of merger between the companies Lansol, Global Access, myloc Managed IT and Boreus (jointly, the "**Merging Companies**") into WIIT AG was registered at the competent offices, having statutory effect as of 15 April 2024, while the accounting and tax effects are effective as of 01 January 2024. The integration of the subsidiaries is an important step in our Cloud4Europe project, which aims to position the WIIT Group as the European leader in cloud for critical applications and infrastructure. This underlines our commitment to the German market and our ambition to offer our customers excellent WIIT-branded cloud services. The merger will make it possible to concentrate, in the Company WIIT AG, the activities previously carried out via the Merging Companies. More generally, the purpose of the merger transaction was to optimise the coordination, operation and synergies of the structures headed by the merging companies, as well as to reduce the fixed structural costs deriving from the existence of separate legal entities, with consequent advantages in terms of functionality and operational and economic efficiency, thus allowing the WIIT Group to strengthen its position as a leading European player in the sectors in which it operates.
On 30 April 2024, the acquisition was finalised of 100% of the company Econis AG. The price paid was CHF 770 thousand.

* * *

Business outlook

Thanks to the positive business pipeline characterised by the acquisition of new clients and the renewal of multi-year contracts, the WIIT Group expects a year 2024 in continuous growth and in line with market expectations. The focus remains on improving the EBITDA margin due to the growth in core revenues and value-added services, the level of optimisation achieved in the organisation of processes and operating services, cost synergies and the continuous improvement in the margin as a result of the mergers of the German subsidiaries into WIIT AG, this despite a conservative forecast of energy costs expected in line with the previous year. Finally, M&A scouting in the "D-A-CH zone" continues in line with the growth strategy, and the German market continues to represent a significant expansion opportunity for the Group in Europe.
As at 31 March 2024, the WIIT Group was marginally exposed to the Russian, Ukrainian and Israelian markets; the Group's revenues to Russia as at 31 March 2024 amounted to Euro 24 thousand, to Ukraine, they amounted to Euro 67 thousand and to Israel, Euro 2 thousand. The Directors do not believe that any risks could arise from such business relations either directly or indirectly, despite the fact that the Russian-Ukrainian and Israelian conflict is generally increasing the cost of raw materials.

* * *

Declaration pursuant to article 154-bis, paragraph 2 of Legislative Decree no. 58/1998.

The Manager in charge of drawing up the corporate accounting documents, Mr. Stefano Pasotto, hereby declares, pursuant to article 154-bis, paragraph two of Legislative Decree no. 58/1998, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

* * *

The consolidated financial statements of the WIIT Group as at 31 March 2024 are attached. The data reported in this press release has not been subject to a statutory audit nor examined by the Company's Board of Statutory Auditors. The consolidated interim report on operations as at 31 March 2024 will be made available to the public in accordance with the law and regulations at the Company's registered office and on the Company's website (http://www.wiit.cloud/), in the "Investors - Reports and Presentations" section, as well as at the authorised storage mechanism "eMarket STORAGE" (www.emarketstorage.com).

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This press release contains forecasts and estimates that reflect the current views of the Group's management regarding future and uncertain events. Forecasts and estimates are typically identified by expressions such as "it is possible," "it should be," "it is forecast," "it is expected," "it is estimated," "it is believed," "it is intended," "it is planned," "objective" or by the negative use of these expressions or other variations of these expressions or by the use of comparable terminology. These forecasts and estimates include, but are not limited to, all information other than factual information, including, without limitation, that relating to the Group's future financial position and operating results, strategy, plans, objectives and future developments in the markets in which the Group operates or intends to operate. As a result of such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking information as a prediction of actual results. The Group's ability to achieve its expected results depends on many factors beyond management's control. Actual results may differ significantly from (and be more negative than) those predicted or implied by the forecast data. These forecasts and estimates involve risks and uncertainties that could have a material impact on expected results and are based on basic assumptions. The forecasts and estimates made therein are based on information available to the Group as of today. The Group does not undertake any obligation to publicly update and revise forecasts and estimates as a result of the availability of new information, future events or otherwise, except in the cases envisaged by the law.

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WIIT S.p.A.

WIIT S.p.A., a company listed on the Euronext Star Milan ("STAR") segment, is a leader in the Cloud Computing market. The company has a pan-European footprint and is present in key markets, such as Italy and Germany, positioning itself among the leading players in the provision of innovative Hosted Private and Hybrid Cloud technology solutions. WIIT operates through its own data centres spread across 6 regions: 4 in Germany and 2 in Italy, 2 of which are Premium Zone enabled, i.e. with Tier IV data centres certified by the Uptime Institute and the highest levels of security by design. WIIT has 6 SAP certifications at the highest level of specialisation. Its end-to-end approach enables the company to provide its partner companies with customised, high value-added services with the highest security and quality standards for the management of critical applications and business continuity, while guaranteeing maximum reliability in the management of the main international application platforms (SAP, Oracle and Microsoft). Since 2022, the WIIT Group has joined the UN Global Compact. (www.wiit.cloud).

For more information:

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It should be noted that the data in the tables shown hereunder were prepared in compliance with the international accounting standards (IAS/IFRS).

CONSOLIDATED BALANCE SHEET

	31.03.2024	31.12.2023
ASSETS		
Intangible assets	57.811.850	58.224.012
Goodwill	121.077.831	121.077.831
Rights of use	13.231.082	11.870.441
Property, plant and equipment	8.932.784	8.737.760
Other tangible assets	50.318.441	46.250.182
Deferred tax assets	1.725.342	1.724.090
Equity investments	5	5
Non-current contract assets	24.356	24.356
Other non-current assets	745.983	686.944
NON-CURRENT ASSETS	**253.867.675**	**248.595.622**
Inventories	453.542	166.980
Trade receivables	29.303.338	25.842.136
Current financial assets	6.671.042	11.602.736
Current assets deriving from contracts	0	0
Other receivables and other current assets	11.237.520	9.195.557
Cash and cash equivalents	19.181.624	13.690.212
CURRENT ASSETS	**66.847.066**	**60.497.621**
TOTAL ASSETS	**320.714.741**	**309.093.243**

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CONSOLIDATED BALANCE SHEET

	31.03.2024	31.12.2023
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share Capital	2.802.066	2.802.066
Share premium reserve	44.598.704	44.598.704
Legal reserve	560.413	560.413
Other reserves	5.992.247	5.576.744
Treasury shares	(30.314.419)	(30.566.915)
Reserves and retained earnings (accumulated losses)	9.420.905	1.074.273
Translation reserve	24.995	22.610
Net profit for the period	3.048.576	8.285.649
SHAREHOLDERS' EQUITY	**36.133.487**	**32.353.545**
	12.393	*60.982*
	146.448	*195.037*
SHAREHOLDERS' EQUITY	*36.279.936*	*32.548.583*
Payables to other lenders	19.752.428	13.289.335
Non-current financial indebtedness related to Bond facilities	157.139.878	157.442.669
Bank loans	25.092.875	27.805.467
Other non-current financial liabilities	12.850	331.938
Employee benefits	3.542.582	3.042.572
Provisions for risks and charges	567.886	567.886
Deferred tax liabilities	14.465.548	14.779.476
Non-current contract liabilities	109.882	109.882
Other payables and non-current liabilities	101.066	60.566
NON-CURRENT LIABILITIES	**220.784.997**	**217.429.793**
Payables to other lenders	6.309.774	7.695.550
Current financial indebtedness related to Bond facilities	7.906.957	7.897.960
Current bank loans	12.454.784	12.120.143
Current income tax liabilities	3.254.856	2.857.006
Other current financial liabilities	330.334	948.035
Trade payables	21.122.126	18.294.275
Current contract liabilities	(0)	0
Other payables and current liabilities	4.239.517	3.492.306
Payables to other lenders	8.031.458	5.809.591
CURRENT LIABILITIES	**63.649.808**	**59.114.866**
TOTAL LIABILITIES	**284.434.805**	**276.544.659**
TOTAL LIABILITIES & SHARE. EQUITY	**320.714.741**	**309.093.243**

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CONSOLIDATED INCOME STATEMENT

	31.03.2024	31.03.2023	Adjusted 31.03.2024	Adjusted 31.03.2023
REVENUES AND OPERATING INCOME				
Revenues from sales and services	33.227.403	31.551.817	33.227.403	31.551.817
Other revenues and income	301.845	241.474	301.845	241.474
Total revenues and operating income	**33.529.248**	**31.793.291**	**33.529.248**	**31.793.291**
OPERATING COSTS				
Purchases and services	(11.566.295)	(11.914.529)	(11.477.494)	(11.226.548)
Personnel costs	(9.174.841)	(8.600.323)	(9.082.137)	(8.252.632)
Amortisation, depreciation and write-downs	(7.037.567)	(6.279.394)	(5.867.606)	(5.148.857)
Provisions	(15.000)	(168.905)	(15.000)	(168.905)
Other costs and operating charges	(218.724)	(293.243)	(218.724)	(293.243)
Change in inventories	286.563	8.000	286.563	8.000
Total operating costs	**(27.725.865)**	**(27.248.395)**	**(26.374.398)**	**(25.082.185)**
EBIT	**5.803.383**	**4.544.896**	**7.154.850**	**6.711.106**
Profit (Losses) from equity-accounted investee	0	0	0	0
Financial income	87.476	6.793	87.476	6.793
Financial expenses	(1.998.868)	(1.752.136)	(1.998.868)	(1.752.136)
Exchange gains/(losses)	(863)	(4.577)	(863)	(4.577)
PROFIT BEFORE TAXES	**3.891.128**	**2.794.977**	**5.242.595**	**4.961.187**
Income taxes	(830.159)	(607.120)	(1.153.791)	(1.077.467)
NET PROFIT	**3.060.969**	**2.187.857**	**4.088.804**	**3.883.720**

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CONSOLIDATED NET FINANCIAL POSITION

	31.03.2024	31.12.2023
A - Cash and cash equivalents	19.181.624	13.690.212
B - Securities held for trading	0	0
C - Current financial assets	6.671.042	11.602.736
D - Liquidity (A + B + C)	**25.852.666**	**25.292.948**
E - Current bank loans	(12.454.784)	(12.120.143)
F - Other current financial liabilities	(330.334)	(948.035)
G - Payables to other lenders	(6.309.774)	(7.695.550)
H - Current financial indebtedness related to Bond facilities	(7.906.957)	(7.897.960)
I - Current financial debt (E + F + G + H)	**(27.001.850)**	**(28.661.688)**
J - Current net financial debt (I - D)	**(1.149.185)**	**(3.368.740)**
K - Bank loans	(25.092.875)	(27.805.467)
L - Payables to other lenders	(19.752.428)	(13.289.335)
M - Non-current financial indebtedness related to Bond facilities	(157.139.878)	(157.442.669)
N - Other non-current financial liabilities	(12.850)	(331.938)
O - Trade payables and other non-current payables	0	0
P. Non-current financial debt (K + L + M + N + O)	**(201.998.031)**	**(198.869.409)**
Q - Group net financial debt (J + P)	**(203.147.216)**	**(202.238.149)**
- Payables for leases IFRS 16 (current)	3.545.602	2.585.627
- Payables for leases IFRS 16 (non-current)	8.012.956	7.998.155
R - Net financial debt excluding Group IFRS16 impact	**(191.588.658)**	**(191.654.367)**

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CONSOLIDATED CASH FLOW STATEMENT

	31.03.2024	31.03.2023
Net profit from continuing operations	3.060.969	2.187.857
Adjustments for non-cash items:		
Amortisation, depreciation, revaluations and write-downs	7.052.567	6.448.299
Change in employee benefits	500.010	(35.960)
Increase (decrease) provisions for risks and charges	(15.000)	(168.905)
Financial charges	1.912.255	1.749.920
Income taxes	830.159	607.120
Other non-cash changes	157.907	420.757
Cash flow generated from operating activities before working capital changes	**13.498.866**	**11.209.088**
Changes in current assets and liabilities:		
Decrease (increase) in inventories	(286.563)	(61.962)
Decrease (increase) in trade receivables	(3.537.219)	(4.018.032)
Increase (decrease) in trade payables	2.827.850	2.757.556
Increase (decrease) in tax payables	397.851	(906.772)
Decrease (increase) other current assets	(4.029.546)	1.266.683
Increase (decrease) in current liabilities	2.291.612	140.034
Decrease (increase) in other non-current assets	(59.039)	14.305
Increase (decrease) in other non-current liabilities	40.500	499.513
Decrease (increase) in assets deriving from contracts	0	(371.440)
Increase (decrease) in liabilities deriving from contracts	747.210	(162.714)
Income taxes paid	(1.215.084)	(1.334.383)
Interest paid/received	(877.631)	(871.495)
Net cash flow generated from operating activities (a)	**9.798.809**	**8.160.382**
Net increase intangible assets	(1.673.124)	(3.082.773)
Net increase tangible assets	(2.224.370)	(2.128.841)
Decrease (increase) other financial current assets	6.919.278	0
Cash flows from business combinations net of cash and cash equivalents	0	(6.368.971)
Net cash flow used in investing activities (b)	**3.021.784**	**(11.580.585)**
New financing	0	12.000.000
Repayment of loans	(2.377.951)	(1.362.270)
Reimbursement of bond loan	(1.328.418)	0
Lease payables	(3.198.753)	(2.552.562)
Payment of deferred fees for business combinations	0	(500.000)
Increase / (decrease) other financial payables	(424.061)	(6.532)
(Net purchases of treasury shares)	0	(1.999.171)
Net cash flow from financing activities (c)	**(7.329.183)**	**5.579.464**
Net increase/(decrease) in cash and cash equivalents a+b+c	**5.491.412**	**2.159.263**
Cash and cash equivalents at end of the period	19.181.624	33.617.342
Cash and cash equivalents at beginning of the period	13.690.212	31.458.079
Net increase/(decrease) in cash and cash equivalents	**5.491.412**	**2.159.263**

ALTERNATIVE PERFORMANCE INDICATORS

In accordance with the provisions of the ESMA recommendation on alternative performance indicators (ESMA/2015/1415) as implemented by Consob Communication no. 0092543 of 03 December 2015, the Alternative Performance Indicators used to monitor the Group's economic and financial performance are described below.

EBITDA – is a non-GAAP measure used by the Group to measure its performance. EBITDA is calculated as the algebraic sum of profit for the period before tax, financial income and expense (including foreign exchange gains and losses and those arising from the equity method valuation of investments), amortisation, depreciation, impairment and provisions. It should be noted that EBITDA is not identified as an accounting measure as part of the IAS/IFRS adopted by the European Union. Consequently, the calculation method applied by the Group may not be consistent with that adopted by other Groups and, therefore, the balance obtained by the Parent Company may not be comparable with the balances determined by the latter.

EBITDA Margin – is an indicator that measures the Group's operating profitability as a percentage of consolidated revenues achieved during the year, and is defined as the ratio of EBITDA to Total operating revenues and income.

Adjusted EBITDA – is a non-GAAP measure used by the Group to measure its performance. Adjusted EBITDA is calculated as the algebraic sum of profit for the period before tax, financial income and expenses (including foreign exchange gains and losses and those arising from the equity method valuation of investments), amortisation, depreciation, impairment and provisions, merger & acquisition (M&A) professional service costs, costs for internal staff reorganisation, Put&Call option adjustment costs and Stock Option/Stock Grant incentive plan costs.

With regard to Adjusted EBITDA, the Group believes that the adjustment (which defines Adjusted EBITDA) has been made in order to represent the Group's operating performance, net of the effects of certain events and transactions. This adjustment relating to certain charges was necessary in order to ensure better comparability of the historical data relating to the financial years in question, as these include cost items related to corporate phenomena that are not attributable to the normal operating management of the Group's business, as well as costs for professional services relating to the extraordinary merger & acquisition operations. In order to improve the comparability of operating performance, the Group excludes from the calculation of Adjusted EBITDA the costs of accounting for stock options and stock grants (IFRS2). It should be noted that Adjusted EBITDA is not identified as an accounting measure as part of the IAS/IFRS adopted by the European Union. Consequently, the calculation method applied by the Group may not be consistent with that adopted by other Groups and, therefore, the balance obtained by the Group may not be comparable with the balances determined by the latter.

Adjusted EBITDA Margin – is an indicator that measures the Group's operating profitability as a percentage of consolidated revenues achieved during the year, and is defined as the ratio of Adjusted EBITDA to Total Adjusted operating revenues and Income.

EBIT – is a non-GAAP measure used by the Group to measure its performance. EBIT is calculated as the algebraic sum of profit for the period before tax, financial income and expense (including foreign exchange gains and losses and those arising from the equity method valuation of investments). It should be noted that EBIT is not identified as an accounting measure as part of the IAS/IFRS adopted by the European Union. Consequently, the calculation method applied by the Group may not be consistent with that adopted by other Groups and, therefore, the balance obtained by the Group may not be comparable with the balances determined by the latter.

EBIT Margin – is an index measuring the profitability of the Group's sales. It is calculated as the ratio of EBIT to Total operating revenues and income.

Adjusted EBIT – is a non-GAAP measure used by the Group to measure its performance. Adjusted EBIT is calculated as the algebraic sum of profit for the period before tax, financial income and expenses (including foreign exchange gains and losses and those arising from the equity method valuation of investments), amortisation, depreciation and impairment, merger & acquisition (M&A) professional service costs, costs for internal staff reorganisation, Put&Call option adjustment costs and Stock Option/Stock Grant incentive plan costs, and the amortisation of fixed assets deriving from the Purchase Price Allocation relating to acquisitions.

With regard to Adjusted EBIT, the Group believes that the adjustment (which defines Adjusted EBIT) has been made in order to represent the Group's operating performance, net of the effects of certain events and transactions. This adjustment relating to certain charges was necessary in order to ensure better comparability of the historical data relating to the financial years in question, as these include cost items related to corporate phenomena that are not attributable to the normal operating management of the Group's business, as well as costs for professional services relating to the extraordinary merger & acquisition operations. In order to improve the comparability of operating performance, the Group excludes from the calculation of Adjusted EBIT the costs of accounting for Stock Options and Stock Grants (IFRS2) and the amortisation and depreciation of fixed assets deriving from the Purchase Price Allocation; amortisation of the customer list, exclusive contracts and platform and data centre, relating to acquisitions.

Adjusted EBIT Margin – is an index measuring the profitability of the Group's sales. It is calculated as the ratio of Adjusted EBIT to Total Adjusted operating revenues and income.

Adjusted Net Result – is a non-GAAP measure used by the Group to measure its performance. Adjusted net result is calculated as the profit for the period before costs relating to extraordinary merger and acquisition transactions, costs for internal staff reorganisation, Put&Call option adjustment costs, the costs of accounting for Stock Options and Stock Grants (IFRS2), financial expenses relating to the closure of loan agreements and the amortisation and depreciation of fixed assets deriving from the Purchase Price Allocation; amortisation of customer list, exclusive contracts, platform and data centre, relating to acquisitions and the related tax effects on excluded items.

Net Financial Indebtedness – represents a valid indicator of the Group's financial structure. It is determined in accordance with the provisions of Consob Communication no. 5/21 of 29 April 2021 and in compliance with ESMA Recommendations 323821138. It is presented in the notes to the accounts.

Adjusted Net Financial Position – represents a valid indicator of the Group's financial structure. It is determined in accordance with Consob Communication no. 5/21 of 29 April 2021 and in compliance with ESMA Recommendations 323821138, including, where applicable, other non-current assets relating to security deposits and excluding trade payables and other non-current payables. It is also presented in the net variant for the effects of IFRS 16. This measure is presented in the management report.

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