2019
Annual Financial Report

Contents

LETTER TO SHAREHOLDERS

Dear shareholders,

at the end of 2019 and over 4 years from the day we listed on the stock exchange, we can boast some impressive results: because of the low risk profile linked to its valuable assets, INWIT not only expanded its customer base through new hosting for other mobile operators and new FWA and IoT operators, but was gradually able to further develop its high quality infrastructure by seizing various emerging technology opportunities and establishing itself as the Italian leader in building Small Cells and Distributed Antenna System (DAS).

Today, INWIT, through this success, has secured its position as an important player in the sector consolidation process. Indeed, the Merger Plan to consolidate the 11 thousand Vodafone towers into INWIT, will establish your company as the leading operator in Italy and the second biggest in Europe, with a network of over 22 thousand towers.

INWIT is the first company in Europe to make an acquisition that is being closely watched by all sector analysts and technicians because of its potential added value for both towers and telecommunications, and it will allow the company to accelerate into the new 5G era. The market has clearly welcomed this effort, as have all you shareholders, with shares up + 26% from February 21, 2019 - the date of the

Memorandum of Understanding signing - to December 31, 2019, generating a value of approximately 1.08 billion euros; we sincerely thank you for this share performance and your trust.

The primary objective of the aggregation agreement with Vodafone Towers is to accelerate 5G technology development in both rural and urban areas, thereby helping to reduce the country's technology gap. The progressive deployment of FTTH and wireless connection (macro sites, small cell and FWA) investment supports and promotes the new services connected to the simple 5G connectivity service (for example Iot and digital services, smart meetering, automation and robotics).
Hosting rationalization and implementation of run sharing on INWIT towers will benefit the whole community and open up even more opportunities for third parties (also taking into account new players who use fixed and mobile network technology in a mixed way). It will allow us to promote ourselves to neutral market players while not neglecting efficiency both in terms of energy consumption and savings on rental costs.
Clearly our collaboration with Tim and Vodafone, two major operators who were among the first to introduce telephone services to Italy and the world, will render our investments highly visible, both thanks to our role as preferred supplier inherent in the agreement itself, and above all to the new long-term MSA contracts, which are renewable for an infinite number of times.
The financial flexibility we have built up so far will be used to structure this important industrial project, allowing for an increase in debt to levels which are consistent for acquisition operations of this caliber and fully sustainable given the nature of the company and the sector in which it operates. The significant cash flow from existing contractual commitments with main customers and consequent debt reduction capacity, ensure our company has the possibility to take action in relation to the decision to distribute an ordinary dividend.

Although in terms of organic growth, the company continues to show solid indicators in both financial and industrial terms, the significant acquisition of Vodafone Towers led to a natural slowdown in ordinary business, as is usual in similar transactions with its main customers.

Revenue components grew (+ 4.5% FY19 YoY), driven by new hosted operators (+ 7.5% FY19 YoY) and new business (+ 36.4% FY19 YoY). These revenues contributed to the growth of pre-IFRS 16 EBITDA which stood at 226.8 million euros, increasing by more than 5% YoY. Without taking into account the costs associated with the merger with Vodafone Towers, EBITDA would have amounted to 232.1 million euros (+ 7.8% YoY). The cost containment policy made it possible to achieve an EBITDA margin of 57%.

There was an increase in net profit compared to the previous year of 4%, reaching 146.5 million euros pre-IFRS 16 and 139.3 million euros post-IFRS 16.

During the year, we invested 64.8 million euros, exceeding the CAPEX of the previous year of 61.8 million euros, pending an investment acceleration as envisaged by the combined entity plan. Given the CAPEX growth in 2019, the cash flow from recurring transactions remains in line with the previous year at 156.6 million euros.
Finally, we close the year with a net debt of 72.6 million euros (712.4 million taking into account balance sheet items deriving from the application of the new IFRS 16 accounting standard) while maintaining a generous dividend policy.

In relation to industrial aspects, in recent years we have worked with focus and consistency on all our development drivers, with significant results: we built 550 new sites, 3400 small cells & DAS, replicating the previous year's result, and 900 fiber backhauling routes. We also entered into a significant number of renegotiations which allowed us to further reduce rental costs (over 2.3% compared to the previous year).

There was also a marked increase in the number of tenants, due to the expansion of the customer base not only from mobile operators, but with the new growth companies and their growing need for connectivity (FWA and IoT): this led to an increase in the co-tenancy ratio to 1.95x.

The lower growth rate of the main business lines this year compared to previous years, must be seen in the context of the Vodafone Towers merger and the agreements that will come into force on the merger date. Following the integration Closing, the combined entity plan will be released.

We published the Non-Financial Statement again this year. In it we gave greater importance and visibility to issues that are becoming increasingly crucial for companies, such as environmental, social and personnel-related policies in accordance with the requirements of Legislative Decree 254/2016 for sustainability reporting.

Inwit has an intense focus on governance and environmental sustainability issues. In addition to the non-financial report, from this year, INWIT is committed to meeting the sustainable development goals set by the UN, which align with 13 of the 17 points listed in the new sustainability plan.
In particular, INWIT is committed to aligning the detection and measurement system with new sustainability needs in the following areas:

- Human resources: including Sustainability Plan targets in the assessment system, ensuring that all employees participate in training and skills development initiatives, with initiatives aimed at promoting employee well-being, the work-life balance and health and safety;
- Contributing to modernization of the country's infrastructures and the adoption of strategic, sustainable and resilience enabling technologies: Inwit is developing a technologically advanced and quality infrastructure: DAS, Small Cell, fiber and sensors to reduce environmental impact, ensuring the reliability and resilience of its infrastructure.
- "Clean" energy: INWIT is committed to improving site and equipment energy efficiency, initially with pilot projects, through the activation of compensation mechanisms for direct GHG emissions and ensuring the correct management of produced waste.
- Sustainable procurement: INWIT purchases products and services with low environmental impact, checking product certifications and using an electricity supply (industrial, civil) from certified renewable sources.

Looking to the future, the implementation of the important merger operation is worthy of attention: INWIT will enable the development of innovative solutions across Italy, from smart cities, to industry 4.0, to indoor coverage of large centers. INWIT wants to contribute to Italy's growth through the increasingly central role that 5G will play.

Once the current operation has been finalized, which we believe will allow us to take full advantage of a substantial part of the synergy available in the Italian market, the company will have the capacity and opportunity to position itself among the leaders of the ongoing tower sector market consolidation phase. This phase sees many former monopoly holders assessing the possibilities for monetizing part or all of their tower fleet, including Vodafone itself, but also other major operators such as Orange, Hutchinson, Telefonica, Deutsche Telekom.

We look forward to our continued collaboration with you in the near future and together we are ready to reach ever higher summits. Best regards,

The Chairman	The Chief Executive Officer
Piergiorgio Peluso	Giovanni Ferigo

Management Report

This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails

NAME, SHARE CAPITAL AND REGISTERED OFFICE OF THE COMPANY

Name	Infrastrutture Wireless Italiane S.p.A.
Share capital	600,000,000 euros
Registered office	Via G. Negri 1, 20121 Milan
Tax code, VAT no. and registration no. in the Register of Companies of Milan	08936640963
Website	www.inwit.it

A company subject to the management and coordination of TIM S.p.A. pursuant to articles 2497 and subsequent of the Italian Civil Code.

BOARD OF DIRECTORS

Chairman	Piergiorgio Peluso
CEO	Giovanni Ferigo
Directors	Francesca Balzani (independent) Enrico Maria Bignami (independent) Gigliola Bonino Laura Cavatorta (independent) Luca Aurelio Guarna (independent) Carlo Nardello Agostino Nuzzolo Filomena Passeggio (independent) Secondina Giulia Ravera (independent)
Secretary to the Board	Salvatore Lo Giudice

BOARD OF STATUTORY AUDITORS

Chairman	Stefano Sarubbi
Acting Auditors	Umberto La Commara Michela Zeme
Alternate Auditors	Roberto Cassader Elisa Menicucci

INWIT ACTIVITIES

Infrastrutture Wireless Italiane S.p.A. (hereinafter“**INWIT**” for short, or the “**Company**”) operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure devoted to hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting.

INWIT operates in the sector as a result of the transfer from TIM in March 2015 (effective April 1, 2015) of a business unit focused mainly on activities related to the construction and management of the sites' passive infrastructures, generally consisting of civil structures (such as towers, pylons, and poles) and technological systems, necessary to host the transceiver equipment owned by mobile operators and other radio service operators.

The infrastructural operators working in this industry are also called *Tower Companies* or *Tower Operators*. In this context, INWIT stands out for being the largest Italian Tower Operator both in terms of number of sites managed and total sales.

INWIT manages approximately 11,000 sites, with widespread distribution throughout Italy, as a result of over 40 years of work developing the radio-mobile networks by TIM, when it still acted as a monopoly. The technical and operational know-how of the Company is therefore assured by the use of staff with strong specific experience, gained over many years working within TIM.

Key factors of *INWIT competitive* positioning

As well as the widespread distribution and quality of the infrastructure, the key factors of INWIT's competitive positioning mainly concern:

- established relationships with the main radio-mobile operators that recognize the importance of the services offered by INWIT within their own value chain;
- visibility of revenues and significant generation of cash flow, guaranteed by long-term contracts that are renewable upon expiration, historically characterized by a high renewal rate, also considering the high quality of the sites made available;
- contracts safeguarded against inflation;
- technical and managerial know-how, ensured by the use of personnel with consolidated experience gained over years within TIM.

Integrated hosting services

At December 31, 2019, the Company's total revenue derived from its integrated hosting services, consisting in providing (*Tower Rental*) customers with:

- physical spaces on its vertical structures, which can host the radiating systems receiving and transmitting radio signals;
- indoor physical spaces suitable for the installation of customer equipment and the connection of their radiating systems;
- access to the electricity networks and technological systems consisting of power supply systems (including energy backup systems) and air conditioning and/or ventilation systems that ensure the correct operation of customer equipment;
- DAS &Small Cells connectivity services to improve the value proposition of Mobile Operators by optimizing radio coverage and increasing network capacity in high-traffic areas;
- access to the core network with full- backhauling to ensure high throughput for MNOs.

Integrated hosting services also include the provision of maintenance, monitoring and security management services of the premises and the technological systems.

With regard to infrastructure sites, [1]which account for approximately 20% of the all sites, INWIT owns the civil structures only, not the technological systems[2]. The latter, as a matter of fact, were not contributed and are still owned by TIM, as they are shared across fixed and mobile networks. Accordingly, the hosting services offered by INWIT at these sites consist only in providing physical space on the vertical support structures.

INWIT's customers are the leading national mobile network operators (MNOs) - Tim, Vodafone and Wind Tre - with which it has entered into long-term contracts to provide hosting services and other radio service operators.

The customers' high profile, their concentration, the multi-year medium-long term duration of the commercial agreements signed with them, and the large volume of the services offered by the Company within the MNO's value chain, are the key aspects of the Company's business.

Sustainability

In 2018, INWIT prepared the Non-Financial Declaration, in accordance with the regulatory reporting requirements for non-financial information introduced under Legislative Decree 254 of December 30, 2016. The document monitors sustainability-related performance to guide future business strategies in an ethical and respectful way for people and the environment.
The declaration considers sustainability as part of the corporate strategy to create medium-long term value for all stakeholders, highlighting implemented policies and results achieved in specific areas: the social dimension, respect for human rights, personnel policy, the environment and combating corruption.
INWIT places environmentally friendly development of its activities at the basis of management strategies, with a particular focus on environmental protection issues related to carrying out decommissioning activities, as well as to the improvement of site safety and protection of its employees.
INWIT recognizes motivation and professional development as a key factor in maintaining competitiveness, closely linked to its ability to create value for shareholders, and it is committed to the fair management and growth of the intellectual potential of its personnel, guaranteeing equal treatment and condemning any form of discrimination in relation to human rights.

For more details on Inwit S.p.A.'s sustainability indexes please see the "2019 Non-financial declaration/Sustainability Report", which meets the requirements of Legislative Decree 254/2016 and was approved by the company's Board of Directors on March 5, 2019. The report is available on the www.inwit.it website.

[1] The infrastructural sites are positioned in properties owned or leased by TIM, in/on which TIM's fixed telephone devices are located.

[2]That is, all equipment owned by the Company consisting of: (i) power system including panels and integrated power substation, complete with backup batteries; (ii) earthing system; (iii) lightning protection system; (iv) air conditioning and/or ventilation system; (v) flight obstacle signaling system, built and/or installed at the sites.

HIGHLIGHTS AT DECEMBER 31, 2019

The adoption of the IFRS 16 accounting standard, as already highlighted in the previous interim reports and described in more detail in the specific paragraph, has changed the composition of the main financial and profitability indicators.
For 2019, the following is highlighted:

- revenues amounted to 395,396 thousand euros, up 4.5% compared to the same period of 2018 (378,472 thousand euros). It should be noted that the periods in question include one-off revenues. Specifically, for 2019, they amounted to 10,123 thousand euros (quantification of the indemnification in favor of Inwit envisaged by the indemnification mechanism within the MSA contract for the years 2015/18), while for 2018 they amounted to 3,933 thousand euros (penalties for non-hosting). Net of these items, the comparison with the same period of 2018 shows an increase of 2.9%;

- EBITDA amounted to 349,776 thousand euros, up 62.4% compared to 2018 (up 63.1% excluding both the aforementioned one-off revenues and the one-off costs relating to the Daphne project (integration with Vodafone Towers - for 5,252 thousand euros). This value benefited, in the amount of 122,943 thousand euros, by the adoption of accounting standard IFRS 16 in application of which, with reference to leases reported by the lessee which do not constitute the provision of services, the lease payments are no longer recorded as costs for purchases of goods and services, but must be reported in the statement of financial position as a liability of a financial nature, consisting of the present value of future lease payments, with the right to use the leased asset, amortized over the probable contractual duration, being reflected in the assets. Furthermore, the EBITDA of December 2019 is influenced by the negative impact of non-recurring charges of 574 thousand euros (consisting of charges and provisions for early retirements);

- comparable EBITDA for 2019 - prepared using the previous accounting standards - amounted to 226,833 thousand euros, up 5.3% (4.9% net of the aforementioned one-off revenues/costs) compared to 2018. The ratio to revenues was 57.4% (56.9% in 2018);

- EBIT amounted to 219,752 thousand euros with an increase of 9.7% compared to the same period in 2018 (+ 9.5% excluding the aforementioned one-off revenues/costs); comparable EBIT for the 2019 amounted to 209,001 thousand euros, up 4.4% (+ 4.0% net of the aforementioned one-off revenues/costs) compared to 2018;

- the profit for the period amounted to 139,313 thousand euros, down 1.0% compared to the same period in 2018 (-1.7% excluding the aforementioned one-off revenues/costs); the profit for the comparable period of 2019 amounted to 146,454 thousand euros, up 4.0% (+ 3.5% net of the aforementioned one-off revenues/costs) compared to the same period in 2018;

- The data for the fourth quarter of 2019 show, at comparable values with respect to the corresponding period of 2018, a significant increase in all the main indicators: +11.3% EBITDA, +10.4% EBIT, +8.6% profit for the period;

- Industrial investments for the period amounted to 64,817 thousand euros, an increase of 3,005 thousand euros compared to 2018 (61,812 thousand euros);

- Net Financial Debt totaled 712,144 thousand euros, including in particular the increase of 640,061 thousand euros deriving from the application of the new accounting standard IFRS 16 (Leasing). Excluding this impact, Net Financial Debt amounted to 72,383 thousand euros, up compared to December 31, 2018 (48,088 thousand euros).

Financial Highlights

(thousands of euros)	1.1 – 12.31.2019	1.1 – 12.31.2019 comparable (a)	1.1 – 12.31.2018 (b)	Change in absolute values c=(a-b)	Change % (c/b)
Revenues	395,396	395,396	378,472	16,924	4.5
EBITDA[1]	349,776	226,833	215,440	11,393	5.3
EBITDA Margin	88.5%	57.4%	56.9%	*0.5pp*	*0.5pp*
EBIT[1]	219,752	209,001	200,250	8,751	4.4
EBIT Margin	55.6%	52.9%	52.9%	-	-
Profit for the period	139,313	146,454	140,761	5,693	4.0
Operating Free Cash Flow	299,774	157,249	170,228	(12,979)	(7.6)
Capital expenditures (CAPEX) [2]	64,817	64,817	61,812	3,005	4.9

	12.31.2019	*12.31.2019 comparable*	*12.31.2018*	*Change Amount*
ESMA net financial debt	712,379	72,618	48,306	24,312
INWIT net financial debt	712,144	72,383	48,088	24,295

(thousands of euros)	4th Quarter 2019	4th Quarter 2019 comparable (a)	4th Quarter 2018 (b)	Change in absolute values c=(a-b)	Change % (c/b)
Revenues	103,233	103,233	94,595	8,638	9.1
EBITDA[1]	94,100	59,137	53,117	6,020	11.3
EBITDA Margin	91.2%	57.3%	56.2%	*1.1pp*	*1.1pp*
EBIT[1]	61,822	54,217	49,122	5,095	10.4
EBIT Margin	59.9%	52.5%	51.9%	*0.6pp*	*0.6pp*
Profit for the period	40,445	38,018	35,013	3,005	8.6
Operating Free Cash Flow	67,263	30,791	47,936	(17,145)	(35.8)
Capital expenditures (CAPEX) [2]	29,738	29,738	25,595	4,143	16.2

(1) Details are provided under “Alternative Performance Measures”.
(2) (*) Net of consideration received for transfer of fixed assets.

BUSINESS ENVIRONMENT

The infrastructure market for radio networks and those for mobile radio networks in particular, is affected by a deep transformation, characterized by:

- growth in mobile broadband connections and volumes of data traffic, due to the increasingly widespread use of images and video in communications and in personal and professional applications;
- expansion of 4G coverage which represents a fundamental technological discontinuity. Indeed, 4G is the first mobile radio network architecture specifically conceived and designed for data traffic; following closely behind, the rollout of the 5G, will involve the request for new hosting and the complete migration of the full IP Backhaul;
- evolution of mobile radio network architectures which, in order to deliver high speeds and low latencies require a high number of micro-cells that interoperate with macro-cell coverages;
- strategies to reallocate invested capital by operators who tend to outsource and share infrastructure assets and activities when they need to invest to acquire frequencies and develop the networks to cope with competitive changes.

In this scenario, and in order to seize the business opportunities arising from the market environment, INWIT:

- has increased the value of its infrastructural assets, gradually raising the co-tenancy ratio. At December 31, 2019 the value was 1.95x, up 0.05x compared to the value at December 2018 [(1)];
- has become more efficient by pursuing its plan to renegotiate leases and the land acquisition plan;
- has met the demand for new sites by launching the construction of about 550 new sites at the date of transfer of the business unit;
- has launched a multi-operator microcell cover plan in areas with the highest user and traffic concentration, implementing over two thousand remote units;
- has modernized its sites, connecting as many as 950 through fiber backhauling.

[(3)] "Organic" Co-Tenancy ratio calculated as the ratio between the number of tenants as at 12/31/2019 and the number of sites not subject to decommissioning on the same date.

The impact of these strategies in the period ended December 31, 2019 is detailed below.

Increased co-tenancy

As mentioned above, the Company continued to pursue the process aiming at leveraging its assets by increasing the number of customers on existing Sites.

The table below shows the effects of new hosting agreements at December 31, 2019 as compared to the same data at December 31, 2018:

(amounts stated in thousands)		December 31, 2019	December 31, 2018
Number of sites (*)	(a)	11.2	11.0
Number of hostings in place with *Tenants* (**)	(b)	21.8	20.9
Number of hostings in place with *Tenants*, excluding TIM (***)	(c)	10.90	10.15
Average number of *Tenants* per Site (Tenancy ratio)	(b)/(a)	1.95	1.90

(*) Net of sites being decommissioned and under construction.
(*) Excluding Sites in which the hosting service ceased during the period.
(**)* Number of hostings on the same Site. Please note that each Tenant refers to one hosting per Site only.

As shown in the above table, at December 31, 2019, the average number of operators per site was 1.95.

Renegotiation of leases with lessors

In the context of containing rental costs and in consideration of the trend in the reference market, a program to renegotiate lease contracts, started in 2015, continued in 2019; this reduced the monthly rental costs to an average of approx. 11.4 thousand euros, compared to approx. 14.5 thousand euros at the date of transfer (April 1, 2015).

In 2019, the saving achieved is attributable to targeted actions to contain rental costs, such as the renegotiation of rental contracts and the purchase of land.

INCOME, BALANCE SHEET AND FINANCIAL PERFORMANCE AT DECEMBER 31, 2019

INWIT voluntarily prepares and publishes the Interim Financial Reports for the first and third quarters of each financial year.

The annual Financial Report includes the Management Report and the Individual Financial Statements at December 31, 2019, prepared in compliance with the IFRS accounting standard issued by the IASB and implemented by the EU and, in particular, with IAS 34 Interim financial statements; The Individual Financial Statements at December 31, 2019 are not subject to audit.

Starting from January 1, 2019 Inwit has applied the IFRS 16 (Leasing) adopting the simplified retrospective method. The income statement and financial position figures for 2019 prepared in "comparable" terms are also shown in this document to enable a comparison of income and financial data for the 12 months of 2019 with the corresponding period of the previous year; said date were prepared using the previous accounting standards, and in particular IAS 17 was applied to account for leases as lessee, along with the distinction between operating and finance leases.

The detailed effects of adopting the new accounting standard on the balances at January 1, 2019 are explained in the "Adoption of the new IFRS 16 standard (Leasing)" chapter.

Note lastly, that the chapter "Business outlook for the year 2019" contains forward-looking statements related to management's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Group's operations and strategies. Readers of this press release are cautioned not to place undue reliance on these forward-looking statements as the actual results may differ materially from those contained in those forward-looking statements as a result of a number of factors, most of which are not within the Group's control.

ADOPTION OF ACCOUNTING STANDARD IFRS 16

The main information and a summary of the impacts from application, as of January 1, 2019, of IFRS 16 (Leases) are shown below.

On October 31, 2017, Regulation EU no. 2017/1986 was issued which implemented IFRS 16 (Leases) at the EU level.

IFRS 16 replaces IAS 17 (Leases) and the corresponding interpretations (IFRIC 4 Determine whether an arrangement contains a lease; SIC 15 Operating Leases—Incentives; SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease).

Pursuant to IFRS 16, the accounting representation of leases (which do not constitute a provision of services) as lessee requires recognizing a financial liability in the statement of financial position, consisting of the present value of future lease payments, with corresponding recording in assets of the right to use the leased asset.

Leasing liabilities, which were previously classified as finance leases under IAS 17, were left unchanged with respect to the accounting representation required by IAS 17, in full continuity with the past.

On the transition date (January 1, 2019), for leases previously classified pursuant to IAS 17 as operating leases, Inwit, consistent with the TIM Group, applied the simplified retrospective approach, recognizing the financial liability for leases and the corresponding value of the right of use, as measured on the basis of the remaining lease installments as at the transition date.

IMPACT FROM ADOPTION OF IFRS 16

The following is a reconciliation of the differences between commitments in place as at December 31, 2018 arising from operating leases (in application of IAS 17) and the lease liabilities recognized in the statement of financial position at January 1, 2019 (in application of IFRS 16).

Non-cancellable operating leases as at 12/31/2018 (nominal value)	(a)	***92,563***
Non-cancellable operating leases not subject to IFRS 16 (nominal value)	(b)	149
Non-cancellable operating leases subject to IFRS 16 (nominal value)	(c) = (a) - (b)	***92,414***
Non-cancellable leases - impact of discounting	(d)	3,375
Present value of non-cancellable operating leases	(e) = (c) - (d)	***89,039***
Lease payments due on the lease term (including effects of renewal options, where applicable) (present value)	(f)	596,423
Other lease liabilities at January 1, 2019	(g) = (e) + (f)	***685,462***

The following average discount rates were applied to the lease liabilities recognized in the statement of financial position at the date of initial application (January 1, 2019):

- Real Estate 2.14%,
- Land 3.24%
- Base transceiver stations 3.45%

IMPACTS ON THE FINANCIAL POSITION AS AT 1/1/2019 (TRANSITION DATE)

Adoption of the IFRS 16 resulted in greater non-current assets, due to the recording of the "right of use of the leased asset" offsetting greater financial abilities. In detail, the impacts during the transition on the main items of the consolidated statement of financial position are summarized below.

(thousands of euros)	***12.31.2018 (*)***	***IFRS 16 impact***	***1.1.2019 Restated***
Assets			
Non-current assets			
Intangible assets	1,450,347	-	1,450,347
Tangible assets	254,577	–	254,577
Right of use assets	2,632	700,695	703,327
Other non-current assets			
Non-current financial assets	218	–	218
Miscellaneous receivables and other non-current assets	21,672	–	21,672
Deferred tax assets	2,682	–	2,682
Current assets			
Trade and miscellaneous receivables and other current assets	78,176	-15,233	62,943
Financial receivables and other current financial assets	8,101	–	8,101
Current securities and equity investments	10,036	–	10,036
Income tax receivables	1	–	1
Cash and cash equivalents	104,125	–	104,125
Total assets	***1,932,567***	–	***2,618,029***
Equity and Liabilities			
Equity			
Share capital	599,788	–	599,788
Reserves	779,068	–	779,068
Profit/Losses, including the profit for the period	169,459	–	169,459
Total Equity	***1,548,305***	–	***1,548,305***
Non-current financial liabilities	130,208	583,029	713,237
Miscellaneous payables and other non-current liabilities	108,339	–	108,939
Current liabilities			
Current financial liabilities	40,359	102,433	142,792
Trade and miscellaneous payables and other current liabilities	105,356	–	105,356
Total Equity and Liabilities	***1,932,567***	–	***2,618,029***

(*) amounts already reclassified for IFRS 16 purposes.

The breakdown of financial payables with medium to long term maturity is underway.

IMPACT ON THE MAIN ITEMS OF THE SEPARATE INCOME STATEMENT AND BALANCE SHEET FOR 2019

“Comparable” income statement data and “comparable” statement of financial position data are presented to ensure comparability of income and financial results for 2019 with the corresponding periods of the previous year; said data were prepared according to the previous accounting standards (IAS 17 and related Interpretations).

The impact of IFRS 16 on the main income statement data for 2019 is detailed below.

(thousands of euros)	***1.1 - 12.31 2019 (a)***	***1.1 - 12.31 2019 comparable (*) (b)***	***Impact new standards (c=a-b)***	***1.1 - 12.31 2018***
Operating costs	(45,620)	(168,563)	122,943	(163,032)
EBITDA	***349,776***	***226,833***	***122,943***	***215,440***
Amortization of rights of use / finance leases	(130,024)	(17,832)	***(112,192)***	(15,190)
EBIT	***219,752***	***209,001***	***10,751***	***200,250***
Financial charges for rights of use / finance leases	(24,172)	(4,666)	***(19,506)***	(3,965)
Profit (loss) before tax from continuing operations	***195,580***	***204,335***	***(8,755)***	***196,285***
Income taxes	(56,267)	(57,881)	***1,614***	(55,524)
Profit (loss) for the period	***139,313***	***146,454***	***(7,141)***	***140,761***

(*) In the comparable year 2019, the signed lease contracts starting from January 1, 2019 are always classified as operating leases for IAS 17 purposes.

The different nature, qualification and classification of expenses, with recognition of the “Amortization of the right of use of the asset" and of "Financial charges for interest associated with the rights of use", instead of the "Costs for use of third-party assets - operating lease payments”, as per IAS 17, had a positive impact on EBITDA of 122,943 thousand euros.

The impact of IFRS 16 on the main statement of financial position data at December 31, 2019 is shown below.

(thousands of euros)	*12.31.2019* *(a)*	*12.31.2019 comparable* *(b)*	*Impact new standards* *(c=a-b)*
Assets			
Non-current assets			
Goodwill	1,411,770	1,411,770	-
Intangible assets	11,045	11,045	-
Tangible assets	288,735	288,735	-
Right of use assets	706,969	41,148	665,821
Other non-current assets	9,106	9,106	-
Total Non-current assets	***2,427,625***	***1,761,804***	***665,821***
Current assets	***164,799***	***199,796***	***(34,997)***
Total assets	***2,592,424***	***1,961,600***	***630,824***
Equity and Liabilities			
Equity	***1,561,192***	***1,568,333***	***(7,141)***
Non-current liabilities	***783,467***	***254,816***	***528,651***
Current liabilities	***247,765***	***138,451***	***109,314***
Total liabilities	***1,031,232***	***393,267***	***637,965***
Total Equity and Liabilities	***2,592,424***	***1,961,600***	***630,824***

The impact of IFRS 16 on net financial debt is detailed below.

Adjusted net financial debt

(thousands of euros)	*12.31.2019*	*12.31.2018*	*Change*
Adjusted net financial debt	***712,144***	***48,088***	***664,056***
Write-off of further liabilities recognized under leases	(640,061)	–	(640,061)
Adjusted Net Financial Debt (excluding IFRS 16 impact as at 1.1)	***72,083***	***48,088***	***23,995***

OPERATING PERFORMANCE IN THE PERIOD

(thousands of euros)	**1.1 – 12.31.2019**	**1.1 – 12.31.2019 comparable**	**1.1 – 12.31.2018**	**Change**	
				In absolute values	%
		a	b	(a-b)	(a-b)/b
Revenues	395,396	395,396	378,472	16,924	4.5
Costs for lease of premises	(4,615)	(127,558)	(130,715)	3,157	2.4
Employee benefits expenses - Ordinary expenses	(10,573)	(10,573)	(9,235)	(1,338)	(14.5)
Employee benefits expenses - Restructuring and rationalization expenses	(574)	(574)	(165)	(409)	(247.9)
Maintenance and other operating and service expenses	(29,858)	(29,858)	(22,917)	(6,941)	(30.3)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	***349,776***	***226,833***	***215,440***	***11,393***	***5.3***
Amortization, gains/losses on disposals and impairment losses on non-current assets	(130,024)	(17,832)	(15,190)	(2,642)	(17.4)
Operating profit (loss) (EBIT)	***219,752***	***209,001***	***200,250***	***8,751***	***4.4***
Finance income/(expenses)	(24,172)	(4,666)	(3,965)	701	(17.7)
Profit (loss) before tax	***195,580***	***204,335***	***196,285***	***8,050***	***4.1***
Income taxes	(56,267)	(57,881)	(55,524)	(2,357)	(4.2)
Profit for the period	***139,313***	***146,454***	***140,761***	***5,693***	***4.0***

The structure of revenues and costs of the Company is largely determined by medium-term and long-term contracts, entered into as client or provider, under established financial terms and conditions. The main income statement items in 2019 are analyzed below.

Revenues

For 2019, these totaled 395,396 thousand euros (378,472 thousand euros in the corresponding period of 2018, +4.5%) and include revenues deriving from the service contract with Tim S.p.A. (Master Service Agreement), from third-party customers on the transferred towers and the revenues from hosting on new sites and of new services. Items which by their nature are non-linear or non-recurring ("one-off") are reported, relating to the quantification of the indemnification in favor of Inwit envisaged by the indemnification mechanism within the MSA contract for the years 2015/18 for 10,123 thousand euros. Also in the corresponding period of 2018 one-off revenues for the sharing and disposal of sites amounted to 3,933 thousand euros.
Net of those one-off revenues, the comparison with 2018 showed a 2.9% growth.

In detail:

(thousands of euros)	1.1 – 12.31 2019	1.1 – 12.31 2018	Change In absolute values	 %
Revenues from the TIM Group relating to the Master Service Agreement on the transferred sites;	263,769	261,000	2,769	1.1
Revenues from third-party customers on the transferred towers and other revenues	106,275	98,852	7,423	7.5
Revenues from hosting on new sites and of new services	25,352	18,620	6,732	36.2
Total	395,396	378,472	16,924	4.5(*)

(*): Net of one-off revenues, the percentage is 2.9%

EBITDA

Reported EBITDA amounted to 349,776 thousand euros, benefiting by 122,943 thousand euros from the application of IFRS 16 (see chapter "Adoption of the new standard, IFRS 16 (Leasing)"). In 2019, there were also some one-off costs pertaining to the Daphne project (integration with Vodafone Towers) that totaled 5,252 thousand euros.
Comparable EBITDA, prepared on the basis of the same accounting standards as those adopted in 2018, amounted to 226,833 thousand euros, accounting for 57.4% of revenues for the period (56.9% in the same period of 2018). Compared to 2018, the increase was 5.3%, which fell to 4.9% when excluding the aforementioned one-off revenues/costs from the comparison.
Comparable EBITDA was particularly impacted by the change in the line items analyzed below:

- ***Costs for lease of premises***

  These amount to 127,558 thousand euros, down 3,157 thousand euros compared to the same period in 2018 (-2.4%). They represent 75.7% of the cost items with an impact on EBITDA (in 2018 they amounted to 80.2%). These consist of areas owned by third parties on which the Sites are situated.

- ***Employee benefits expenses - Ordinary expenses***

  The item amounted to 10,573 thousand euros and reflects the organizational structure, which includes 122 employees at December 31, 2019 (compared to 117 employees at December 31, 2018.

- ***Employee benefits expenses - Restructuring and rationalization expenses***

  These amounted to 574 thousand euros. These are charges for incentivized redundancies and non-recurring personnel provisions.. This latter item relates to application of art 4 par. 1-7ter of Law no. 92 of 28.6.2012, so-called Fornero Law, envisaging an employee rationalization plan through voluntary early retirement.

- ***Maintenance and other operating and service expenses***

  These amounted to 29,858 thousand euros (22,917 euros in the previous year).
  Maintenance costs are regulated mostly by the Maintenance Agreement entered into with TIM which came into effect starting on the effective date of the transfer.

Depreciation and amortization, losses on disposals and impairment losses on non−current assets

Details are as follows:

(thousands of euros)	1.1 - 12.31.2019	1.1 - 12.31.2019 comparable	1.1 - 12.31.2018	Change in absolute values	Change %
Amortization of intangible assets with a finite useful life	*808*	*808*	*2,296*	*(1,488)*	*(64.8)*
Depreciation of owned tangible assets	*14,503*	*14,503*	*11,955*	*2,548*	*21.3*
Amortization of rights of use on third-party assets	*114,347*	*2,241*	*77*	*2,164*	*n.a.*
(Gains)/losses on disposals and impairment losses on non-current assets	*366*	*280*	*862*	*(582)*	*(67.5)*
Total	*130,024*	*17,832*	*15,190*	*2,642*	*17.4*

In 2019 the main change is shown under the item "amortization of rights of use on third party assets" following the adoption of IFRS 16. In the comparable 2019, the same item benefited from the reclassification of the amortization of surface rights, previously included in the amortization of intangible assets with a finite useful life.

EBIT

Reported EBIT amounted to 219,752 thousand euros and was positively impacted by 10,751 thousand euros following the application of IFRS 16.
Comparable EBITDA in 2019 amounted to 209,001 thousand euros, with an EBITDA margin of 52.9% on revenues (equal level with 2018). In absolute terms, the increase compared with 2018 is 4.4%.
This increase fell to 4.0% after excluding the one-off revenues/costs from the comparison.

Net financial income/(expense)

Reported net financial income (expense) amounted to (24,172) thousand euros; again this figure includes the impact of financial expenses by 19,506 thousand euros following the application of IFRS 16.
In terms of comparison, it amounts to (4,666) thousand euros. Revenue for both business combinations amounted to 449 thousand euros and related mainly to income from the sale of securities amounting to 59 thousand euros and to IFRS 9 impairment amounting to 134 thousand euros.
The financial charges are detailed as follows:

(thousands of euros)	1.1 – 12.31.2019	1.1 -12.31.2019 comparable	1.1 -12.31.2018
Interest expenses and other financial expenses			
Interest to banks	1,059	1,059	1,097
Interest expense for finance leases	19,508	2	2
Discounting charges (ARO fund and severance indemnity fund)	2,137	2,137	2,209
Financial liabilities fees	1,220	1,220	226
Other financial expenses	697	697	612
Total	*24,621*	*5,115*	*4,146*

Income taxes

These amounted to respectively 56,267 thousand euros (reported) and 57,881 thousand euros (comparable). Income tax expenses reflect the estimated tax charge on the basis of theoretical rates of 24.0% for IRES and 4.48% for IRAP.

Profit for the period

The reported profit for the period amounted to 139,313 thousand euros, or 35.2% of revenues.
The profit for the comparable period was 146,454 thousand euros, with a 37.0% effect on revenues. Compared to 2018, this rose by 4.0%, or 3.5% after excluding the one-off revenues/costs.

FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

NON–CURRENT ASSETS

Goodwill: goodwill amounted to 1,411,770 thousand euros (same amount on December 31, 2018).

Other intangible assets: these amounted to 11,045 thousand euros (40,569 thousand euros at the end of 2018).
Industrial investments for the period came to 5,900 thousand euros.

Tangible assets: the item amounted to 288,735 thousand euros (compared to 254,892 thousand euros at December 31, 2018).
Industrial investments for the period came to 51,066 thousand euros.

Rights of use on third-party assets: these amounted to 706,969 thousand euros.
This item is linked to the adoption of IFRS 16 and the reclassification of surface rights previously recorded under intangible assets. Industrial investments for the period came to 7,851 thousand euros.

For a more detailed analysis, please refer to Notes 4, 5, 6 and 7 of the individual Financial Statements at December 31, 2019.

CAPITAL EXPENDITURES

Investments made in during 2019, totaling 64,817 thousand euros, refer to the purchase of land, land use rights, extraordinary maintenance, development of small cells, implementation of backhauling and construction of new infrastructures, the remainder referring to intellectual works, equipment and other assets.

EQUITY

At December 31, 2019, net equity amounted to 1,561,192 thousand euros, the breakdown of which is as follows:

(thousands of euros)	***12.31.2019***	***12.31.2018***
Share capital issued	600,000	600,000
Minus treasury shares	(222)	(222)
Share capital	***599,778***	***599,778***
Share premium reserve	***660,000***	***660,000***
Other reserves and earnings (losses) carried forward, including the result for the period	***119,309***	***119,068***
Legal reserve	*120,000*	*120,000*
Provision for instruments representing net equity	*533*	*266*
Treasury share reserve in excess of nominal value	*(1,215)*	*(1,215)*
Other reserves	*(123)*	*17*
Retained earnings (losses) including earnings (losses) for the period	***182,219***	***169,459***
Total	***1,561,192***	***1,548,305***

FINANCIAL RESOURCES AND CASH FLOWS

Net financial debt

The table below shows a summary of the net financial debt at December 31, 2019, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004. The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euros)	*12.31.2019 (a)*	*12.31.2018 (b)*	*Change (a-b)*
A Cash	-	-	-
B Cash and cash equivalents	66,569	104,125	(37,556)
C Securities held for trading	-	10,036	(10,036)
D Liquidity (A + B + C)	***66,569***	***114,161***	***(47,592)***
E Current financial receivables	15,117	8,101	7,016
F Current financial payables	-	-	-
G Current portion of financial payables (medium/long-term)	(123,661)	(40,359)	(83,302)
H Other current financial payables	-	-	-
I Current financial debt (F+G+H)	***(123,661)***	***(40,359)***	***(83,302)***
J Net current financial debt (I+D+E)	***(41,975)***	***81,903***	***(123,878)***
K Medium/long term financial payables	(670,404)	(130,209)	(540,195)
L Bonds issued	-	-	-
M Other non-current financial payables	-	-	-
N Non-Current financial debt (K+L+M)	***(670,404)***	***(130,209)***	***(540,195)***
O Net financial debt as recommended by ESMA (J+N)	***(712,379)***	***(48,306)***	***(664,073)***
Other financial receivables and non-current financial assets (*)	235	218	17
INWIT Net financial debt	***(712,144)***	***(48,088)***	***(664,056)***
Finance lease liabilities expiring within 12 months	***(530,461)***	***(237)***	***(530,224)***
Finance lease liabilities expiring over 12 months	***(109,600)***	***(84)***	***(109,516)***
INWIT adjusted net financial debt	***(72,083)***	***(47,767)***	***(24,316)***

(*) This item refers to loans granted to certain employees of the company at December 31, 2019.

The main items of ESMA net financial debt are described below:

Other cash and cash equivalents

At December 31, 2019, this item amounted to 66,569 thousand euros.

Cash is held in bank and postal current accounts and bank deposit accounts with the following characteristics:

- maturities: investments can be converted into cash within three months in the case of bank and intercompany deposit accounts, and at any time in the case of cash held in current accounts;
- counterparty risk: investments have been made with investment-grade leading banking institutions (65,165 thousand euros) and with the Group (1,401 thousand euros). There are also 3 thousand euros in checks andcash in hand;
- Country risk: investments were made in Italy, in Luxembourg and in the UK.

Financial debt (current and non-current)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(thousands of euros)		12.31.2018	Adoption of IFRS 16	Other changes during the period	12.31.2019
Financial payables (medium/long-term):					
Amounts due to banks		59,972	-	9,971	69,943
Finance lease liabilities		237	583,029	(52,805)	530,461
Other financial payables		70,000	-	-	70,000
Total non-current financial liabilities	***(a)***	***130,209***	***583,029***	***(42,834)***	***670,404***
Financial payables (short-term):					
Amounts due to banks		40,141	-	(26,214)	13,927
Finance lease liabilities		84	102,433	7,083	109,600
Other financial payables		134	-	-	134
Total current financial liabilities	***(b)***	***40,359***	***102,433***	***(19,131)***	***123,661***
Total Financial liabilities (Gross financial debt)	***(a+b)***	***170,568***	***685,462***	***(61,965)***	***794,065***

Medium / long-term financial payables included:

- *Amounts due to banks:* refer to the following loan contracts, net of issue discounts (69,943 thousand euros), which were entered into respectively in:
  - November 2018 with Banca Popolare di Sondrio for 40,000 thousand euros with bullet repayment at maturity in December 2023;
  - May 2019 with MUFG for 30,000 thousand euros, bullet repayment at maturity on May 31, 2024.

- *Finance lease liabilities:* refer to leases accounted for pursuant to IFRS 16, which came into force on January 1, 2019;

- *Other financial payables:* refer to the intercompany loan granted by TI Finance SA, the finance company of the TIM Group, for a total of 70,000 thousand euros with bullet repayment at maturity in December 2022.

Financial payables (short-term) include:

- *Payables to banks* equal to 13,927 euros refer to:
  - the syndicated loan agreement signed in May 2015 for 120,000 thousand euros with Mediobanca - Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A., with repayment starting from November 2017 and maturity in May 2020; the total amount is 20,040 thousand euros; the changes in the period refer to accrued interest and to the valuation according to the international accounting standards;
  - accruals and deferrals of Fees paid in December 2019 for the signing of the loan agreement, for a maximum amount of 3,000,000 thousand euros, with a pool of banks.
- *Other financial payables* mainly refer to the interest accrued on the intercompany loan.

It should also be noted that, on December 19, 2019, the Company signed a loan with a pool of national and international banks for a total amount of 3,000,000 thousand euros broken down as follows:

- Term Loan of 1,000,000 thousand euros with a 5 year term
- Bridge Loan of 1,500,000 thousand euros with a 24 month term
- Revolving Credit Facility of 500,000 thousand euros with a 5 year term

This agreement was signed to finance the acquisition of Vodafone Towers and consequent activities.

CASH FLOWS

The table below summarizes the main transactions that had an impact on the change in net financial debt during the period:

(thousands of euros)	1.1 – 12.31.2019	1.1 – 12.31.2019 comparable (a)	1.1 – 12.31.2018 (b)	Change (a-b)
EBITDA	349,776	226,833	215,440	11,393
Write-off of capital contributions in income statement	(48)	(48)	(38)	(10)
Purchases of tangible and intangible assets and rights of use on third-party assets for the period (*)	(64,817)	(64,817)	(62,214)	(2,603)
EBITDA - Capex	284,911	161,968	153,188	8,780
Change in net operating working capital:	15,264	(4,318)	17,997	(22,315)
Change in trade receivables	(23,048)	(23,048)	(8,223)	(14,825)
Change in trade payables (**)(**)	17,055	17,055	20,361	(3,306)
Other changes in operating receivables/payables	21,257	1,675	5,859	(4,184)
Change in provisions for employee benefits	225	225	19	206
Change in operating provisions and Other changes	(626)	(626)	(976)	350
Operating free cash flow	***299,774***	***157,249***	***170,228***	***(12,979)***
% of EBITDA	***85.7%***	***69.3%***	***79.0%***	***(9.7)pp***
Flow from acquisition of investments	-	-	(180)	180
Flow from financial income and charges	(22,035)	(2,529)	(1,755)	(774)
income taxes paid	(55,544)	(55,544)	(55,898)	354
Share buy-backs	-	-	(1,437)	1,437
Change in other non-current financial liabilities	6,205	6,205	-	6,205
dividend payments	(126,553)	(126,553)	(114,000)	(12,553)
Finance lease liabilities	(782,557)	-	-	-
Change in other non-current assets	1,925	1,925	123	1,802
Other non-monetary changes	14,712	(5,065)	262	(5,327)
Reduction/(Increase) in ESMA net financial debt	***(664,073)***	***(24,312)***	***(2,657)***	***(21,655)***

(*) Net of considerations received for transfer of assets.
(**) Includes the change in trade payables for amounts due to fixed asset suppliers.

In addition to what has already been detailed with reference to EBITDA, financial debt for the financial year 2019 was affected by the following items:

Capital expenditure

Investments made in the reporting period amounted to 64,817 thousand euros, and related to the purchase of software, land and surface usage rights, the development of new Sites, and the extraordinary maintenance and development of smart cells and backhauling.

For further details, please refer to the Note "Tangible assets (owned and under finance leases)" of the Individual Financial Statements as at 12/31/2019.

Change in net operating working capital

The change in working capital was positive at 15,264 thousand euros.

Financial income and expenses

The net flow of finance income and expenses recorded during the year is equal to (22,035) thousand euros, determined by the balance between income (449 thousand euros) and charges (24,621 thousand euros) from which the non-monetary change equal to (2,137) thousand euros due to the recalculation of the provision for restoration costs and the financial component of severance pay costs was deducted. Finally, it should be noted that financial expenses on the finance leases debt (IFRS 16) amounted to 19,508 thousand euros.

Recurring Free Cash Flow

The recurring free cash flow for 2019 - calculated net of both one-off revenues/costs (at *EBITDA* level) and the one-off payable not yet paid (*Change in trade payable*) - came to 156,604 thousand euros, showing 1.5% growth on the same period of 2018 (also determined considering EBITDA net of one-off revenues).

The following table shows the details of the items concerned:

(thousands of euros)	***1.1 – 12.31.2019***	***1.1 – 12.31.2019***	***1.1 – 12.31.2018***	***Change***	
				In absolute values	***%***
		comparable			
		(a)	*(b)*	***c=(a-b)***	
EBITDA	***344,905***	***221,962***	***211,507***	*10,455*	4.9
Recurring investments	***(8,011)***	***(8,011)***	***(3,690)***	(4,321)	117.1
payment of income taxes	***(55,544)***	***(55,544)***	***(55,898)***	354	(0.6)
payment of financial expenses	***(2,976)***	***(2,976)***	***(1,934)***	(1,042)	53.9
Change in Trade Working Capital:	***149***	***149***	***(1,437)***	1,586	(110.4)
Change in trade receivables	***(17,755)***	***(17,755)***	***(8,223)***	(9,532)	115.9
Change in trade payables (*)	***17,904***	***17,904***	***6,786***	11,118	(163.8)
Change in operating receivables/payables	***20,630***	***1,048***	***5,859***	(4,811)	82.1
Change in provisions for employee benefits	***225***	***225***	***19***	206	n.a.
Lease Payment	***(142,774)***	***(249)***	***(108)***	(141)	130.4
Recurring Free Cash Flow	***156,604***	***156,604***	***154,318***	*2,286*	1.5

(*): excluding the change in payables for assets.

DETAILED TABLES

INWIT's Financial Report at December 31, 2019 was drafted in accordance with Section 154–ter (Financial Reports) of Italian Legislative Decree no. 58/1998 (Consolidated Finance Act) and subsequent amendments and additions, and prepared in accordance with the international accounting principles issued by the International Accounting Standards Board and approved by the European Union (defined as the "IFRS") and with the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38/2005.

The Financial Report at December 31, 2019, comprises:

- the Management Report;
- the Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. at December 31, 2019
- certification of INWIT's Financial Statements at December 31, 2019 pursuant to art. 81-ter of Consob Regulation 11971 dated May 14, 1999, and subsequent amendments and additions

In addition to the conventional financial performance measures established by IFRS, INWIT uses certain alternative performance measures are presented for the purpose of a better understanding of the trend of operations and of the Company's financial situation. In particular, the alternative performance indicators refer to: EBITDA, EBIT, net financial debt, INWIT's net financial debt, and Operating Free Cash Flow.

The chapter "Business outlook for the year 2019" contains forward-looking statements related to the management's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies.

Readers of this Report are reminded not to place undue reliance on forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

Separate income statement

(euros)	*Financial Year 2019*	*of which related parties*	*Financial Year 2018*	*of which related parties*
Revenues	395,396,240	*302,515,000*	378,472,164	*289,747,000*
Acquisition of goods and services - Ordinary charges	(27,178,227)	*(7,185,000)*	(151,063,464)	*(29,340,000)*
Acquisition of goods and services - Charges associated with extraordinary transactions	(5,252,157)		-	
Employee benefits expenses - Ordinary expenses	(10,573,445)	*(1,419,000)*	(9,235,395)	*(1,408,000)*
Employee benefits expenses - Restructuring and rationalization expenses	(573,460)		(165,288)	
Other operating expenses	(2,043,189)		(2,568,022)	
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	***349,775,762***		***215,439,995***	
Amortization, gains/losses on disposals and impairment losses on non-current assets	(130,023,422)		(15,189,939)	
Operating profit (loss) (EBIT)	***219,752,340***		***200,250,056***	
Financial income	449,387	*15,000*	180,709	*2,000*
Financial expenses	(24,621,178)	*(2,012,000)*	(4,145,484)	*358,000*
Profit (loss) before tax	***195,580,549***		***196,285,281***	
Income taxes	(56,266,780)		(55,524,386)	
Profit for the period	***139,313,769***		***140,760,895***	
Basic and Diluted Earnings Per Share	0.232		0.235	

Statement of Comprehensive Income

Pursuant to IAS 1 (*Presentation of Financial Statements*), the Statement of Comprehensive Income, which includes the Profit (Loss) for the period, as per the Separate Income Statement, also includes the other changes in Net Equity other than those connected to transactions with Shareholders.

(euros)		*Financial Year 2019*	*Financial Year 2018*
Profit for the period	*(a)*	***139,313,769***	***140,760,895***
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		(120,645)	57,872
Net fiscal impact		28,955	(13,889)
Total other items that will not subsequently be reclassified in the Separate Income Statement	*(b)*	***(91,690)***	***43,983***
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the separate income statement	*(c)*	-	-
Total other items of the Statement of Comprehensive Income	*(d=b+c)*	***(91,690)***	***43,983***
Total Comprehensive income for the period	*(e=a+d)*	***139,222,079***	***140,804,878***

Statement of financial position

(euros)	*12.31.2019*	*of which related parties*	*12.31.2018*	*of which related parties*
Assets				
Non-current assets				
Intangible assets				
Goodwill	1,411,770,320		1,411,770,320	
Intangible assets with a finite useful life	11,044,372		40,568,644	
Tangible assets				
Property, plant and equipment	288,735,176		254,891,760	
Right-of-use assets	706,968,817		325,198	
Other non-current assets				
Non-current financial assets	234,627		218,020	
Miscellaneous receivables and other non-current assets	6,931,691		21,672,284	
Deferred tax assets	1,939,437		2,681,673	
Total Non-current assets	***2,427,624,440***		***1,732,127,899***	
Current assets				
Trade and miscellaneous receivables and other current assets	83,111,169	*42,169,000*	78,176,586	*24,916,000*
Financial receivables and other current financial assets	15,116,738	*15,009,000*	8,101,063	*8,001,000*
Current securities and equity investments	-		10,035,723	
Income tax receivables	1,200		1,186	
Cash and cash equivalents	66,570,115	*1,401,000*	104,124,959	*12,965,000*
Total Current assets	***164,799,222***		***200,439,517***	
Total assets	***2,592,423,662***		***1,932,567,417***	

Equity and Liabilities

(euros)	12.31.2019	of which related parties	12.31.2018	of which related parties
Equity				
Share capital issued	600,000,000		600,000,000	
Minus: treasury shares	(222,118)		(222,118)	
Share capital	599,777,882		599,777,882	
Share premium reserve	660,000,000		660,000,000	
Legal reserve	120,000,000		120,000,000	
Other reserves	(804,937)		(931,704)	
Retained earnings (losses) including earnings (losses) for the period	182,219,764		169,459,128	
Total Equity	***1,561,192,709***		***1,548,305,306***	
Liabilities				
Non-current liabilities				
Employee benefits	1,791,179		2,222,994	
Deferred tax liabilities	-		-	
Provisions for Risks and Charges	101,655,979		99,111,084	
Non-current financial liabilities	670,404,592	*117,922,000*	130,208,617	*70,000,000*
Miscellaneous payables and other non-current liabilities	9,615,610	*8,206,000*	7,003,942	*5,742,000*
Total Non-current liabilities	***783,467,360***		***238,546,637***	
Current liabilities				
Current financial liabilities	123,660,756	*20,949,000*	40,359,035	*134,000*
Trade and miscellaneous payables and other current liabilities	123,301,726	*80,036,000*	104,561,706	*65,350,000*
Income tax payables	801,111		794,733	
Total current Liabilities	***247,763,593***		***145,715,474***	
Total liabilities	***1,031,230,953***		***384,262,111***	
Total Equity and Liabilities	***2,592,423,662***		***1,932,567,417***	

Cash flow statement

(euros)		Financial Year 2019	Financial Year 2018
Cash flows from operating activities:			
Profit for the period		139,313,769	140,760,895
Adjustments for:			
Depreciation and amortization, losses on disposals and impairment losses on non-current assets		130,023,422	15,189,939
Net change in deferred tax assets and liabilities		771,236	102,634
Change in provisions for employee benefits		225,631	18,805
Change in trade receivables		(23,047,660)	(8,223,155)
Change in trade payables		20,140,282	6,787,421
Net change in miscellaneous receivables/payables and other assets/liabilities		20,546,000	4,195,000
Other non-monetary changes		16,854,609	3,154,783
Cash flows from operating activities	*(a)*	***304,827,289***	***161,986,323***
Cash flows from investing activities:			
Total purchases of tangible and intangible assets for the period and rights of use on third-party assets (*)		(210,823,000)	(62,214,000)
Change in amounts due to fixed asset suppliers		*142,920,000*	*13,575,000*
Total purchases of tangible and intangible assets and rights of use on third-party assets on a cash basis		(67,903,000)	(48,639,000)
Change in financial receivables and other financial assets		3,003,440	(18,068,240)
Other non-current changes		1,925,560	(180,000)
Cash flows used in investing activities	*(b)*	***(62,974,000)***	***(66,887,240)***
Cash flows from financing activities:			
Change in current and non-current financial liabilities		(152,855,000)	70,103,197
Share buy-backs		-	(1,437,328)
Dividends paid (*)		(126,553,133)	(114,000,000)
Cash flows used in financing activities	*(c)*	***(279,408,133)***	***(45,334,131)***
Aggregate cash flows	*(d=a+b+c)*	***(37,554,844)***	***49,764,953***
Net cash and cash equivalents at beginning of the period	*(e)*	***104,124,959***	***54,360,006***
Net cash and cash equivalents at end of the period	*(f=d+e)*	***66,570,115***	***104,124,959***

On November 6, 2017, Regulation EU no. 2017/1990 was issued which implemented at the EU level certain amendments to IAS 7 (Cash Flow Statement). For this purpose please note that the liabilities arising from financing activities solely concern monetary movements. No change of this type was recorded in 2019.

EVENTS SUBSEQUENT TO DECEMBER 31, 2019

See the specific Note “Events subsequent to December 31, 2019” to the Individual Financial Statements at 12/31/2019.

POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with Consob Communication DEM/6064293 of July 28, 2006, during the course of the financial year 2019, no atypical and/or unusual transactions occurred as defined by the Communication.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT's economic, financial and equity results of non-recurring events and operations at December 31, 2019. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euros)	***Financial Year 2019***	***Financial Year 2018***
Charges associated with extraordinary transactions	(5,252)	-
Charges related to restructuring and rationalization processes	(574)	(165)
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	***(5,826)***	***(165)***
Impact on Operating profit (loss) (EBIT)	***(5,826)***	***(165)***
Impact on Profit (loss) before tax	***(5,826)***	***(165)***
Income taxes on non-recurring items	1,660	47
Impact on the Profit (Loss) of the Period	***(4,166)***	***(118)***

BUSINESS OUTLOOK FOR THE YEAR 2020 (4)

The wireless infrastructure market is continuing its profound transformation and demand for services from mobile operators and other radio network operators is growing.

Mobile Operators must increase their Service Access Points to expand 4G coverage and prepare for the transition from 4G to 5G.

Wireless Fixed Access providers are also expanding their networks to increase coverage and improve the quality of service offered to customers.

Other radio network operators such as IoT and "Public Safety" providers are already on the market and new entrants are expected to specialize in specific product/market relationships through the innovative use models enabled by 5G. These market dynamics, together with the growing willingness of operators to share network infrastructure elements, lead INWIT to expect further growth in traditional business and a strong acceleration in new business.

In relation to the Vodafone Towers integration operation, the Shareholders' Meeting of Infrastrutture Wireless Italiane S.p.A. ("INWIT"), which met on December 19, under the chairmanship of Piergiorgio Peluso, approved - in compliance with the provisions of art. 49, paragraph 1, letter g) of the Issuers Regulation for the purpose of the so-called white-wash procedure - the merger by incorporation of Vodafone Towers S.r.l. ("VOD Towers") into INWIT ("Merger") with 99.9% of the votes of the minority shareholders. On the same date, the Shareholders' Meeting of Vodafone Towers also approved the merger.

(4) The chapter “Business outlook for the year 2020” contains forward-looking statements related to the Company's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company’s operations and strategies. Readers of this Report are reminded not to place undue reliance on such forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company’s control.

MAIN RISKS AND UNCERTAINTIES

The business outlook for 2020 could be affected by risks and uncertainties caused by a multitude of factors, the majority of which are beyond INWIT's control.
The main risks concerning the business activities of the Company, which may impact, even significantly, on the ability to achieve the objectives set by the management, are presented below.

The risk factors concerning the Company

Risks associated with the MSA
Given the importance of the agreement stipulated with TIM (MSA) in terms of the Company's revenues, the latter's balance sheet, income, and financial position could be adversely affected should TIM exercise the right to withdraw from the agreement or the option not to renew it, or should increases in the costs borne by the Company not be offset by the consideration due from TIM.
At any rate, pursuant to the MSA, TIM may not terminate the Agreement before the end of an initial 8-year term.

Risks associated with the outsourcing of some services
With respect to the outsourcing to TIM of maintenance services which the Company is required to provide under the MSA, it should be pointed out that any interruption in the relationships with the contractual parties, the inability to renew existing contracts upon expiration, or any default by one of the counterparties, could have negative effects on the activities and on the income, balance sheet, and financial position of the Company.

Risks related to potential conflicts of interest by some of the Directors
This risk is related to potential conflicts of interest arising from the fact that some members of the Board of Directors hold positions in companies that are part of the chain of control of the Company.

Risks related to key personnel
Any interruption in the employment relationship between the Company and its key personnel could have an adverse effect on the Company's income, balance sheet, and financial situation.
The results achieved by the Company also depend on the contribution of certain individuals who hold significant positions within the Company and have significant experience in the industry in which the Company is engaged (including, specifically, the CEO, the Head of "Administration, Finance and Control and Business Support", the Head of "Marketing & Sales" and the Head of "Technology & Operations").

Risks associated with Related Party Transactions
The Company has engaged and is engaged in significant relations with TIM and with the senior management. These transactions have provided and provide, as appropriate, benefits arising from the use of shared services and skills, Group synergies and common financial policies which, in the opinion of the Company, are regulated by terms in line with market conditions. Nevertheless, there is no certainty that, if these transactions had been carried out with third parties, such parties would have negotiated and entered into the respective contracts, or performed the same transactions, at the same terms and conditions and in the same manner.

Risks related to the Company losing the authorization to conduct its activity
The activity carried out by the Company is subject to the issuance of special authorizations pursuant to the applicable regulations in effect.
In the event the general authorization is not renewed upon expiration or is revoked by the Ministry or the Authority should the Company fail to comply with the conditions and specific obligations provided for in the Electronic Communications Code, the Company would no longer be able to continue operating as a network operator for the installation and provision of Passive Infrastructure, which would result in significant adverse effects on its income, balance sheet, and financial situation.

Risks related to ownership of the rights to use the frequencies assigned to mobile network operators

The Company's activity is not linked to authorizations concerning the rights to use frequencies, which are held by mobile telephone operators on the basis of tender, awarding, and renewal procedures independently of the Company.

The Company's business depends on the ability of its mobile telephone operator customers to preserve their rights to use the frequencies and to renew the related authorizations. There is no certainty that in the long term, telephone operator customers will be able to retain ownership of the frequencies in relation to which the Company provides its services or that the frequencies currently held by such customers will be again allocated to them in the future.

Risks related to the contractual and administrative structure of the Sites

Given the importance of the Company's network infrastructure in the conduct of its business, any adverse events for such infrastructure could have negative effects on the income, balance sheet, and financial situation of the Company.

With regard to the Sites there is a risk that the lease, sublease and/or concession for use agreements are not renewed, the Company being thus obliged to restore the land to its original condition, or the risk that any renewals are not obtained on terms at least comparable to those in place, with negative impact on the profitability of Site operations and consequently on the financial position, earnings and cash flows of the Company.

Risks related to the Company's inability to implement its development strategy

In the event the Company is unable to successfully implement one or more of its development strategies, there may be negative effects on its activities and on its income, balance sheet, and financial situation. The Company's ability to increase its revenues and improve profitability also depends on the successful implementation of its strategy. The Company's strategy is based, among other things, on the following elements:

- leveraging the assets of existing Sites by maximizing the co-tenancy ratio;
- rationalization of operating costs;
- development of new services consistent with its core business;
- expansion of the number of Sites in line with developments in demand.

In addition, any future amendments to the legislation applicable to the industry in which the Company and/or the Company's customers operate, including specifically any imposition of stricter limits to EMC emissions, could have adverse effects on the activities and on the income, balance sheet, and financial situation of the Company.

Risks related to the Loan Agreement

The Loan Agreements signed by the company to finance business activities provide for a series of general and covenant commitments for the Company, both positive and negative, which, albeit in line with market practice for financing and similar, could limit operations. For additional information see the Note 14 “Financial liabilities (current and non-current)” to the individual Financial Statements at December 31, 2019.

Risks related to costs for restoring the Sites and potentially inadequate provision for restoration costs

As part of its activity following decommissioning of the site, the Company must dismantle the infrastructure and restore the site to its original condition if this is envisaged by any legal or constructive obligation in the lease relating to the areas/buildings where the infrastructure is located. In this regard it should be noted that, as a rule, the leases provide for the Company’s obligation to dismantle and restore the site to its original condition. The valuation of the provision for restoration costs is affected both by the expected unit restoration costs and by the inflation/discount rates, which are beyond the Company's control and whose changes may adversely affect the income and balance sheet situation of the Company.

Without prejudice to the above, the provisions recognized in the Financial Statements at December 31, 2019 were considered adequate by the Company at the date of completion of this document.

Risks related to court and administrative proceedings and to potentially inadequate provisions
Any adverse outcome in the principal legal proceedings in which the Company is involved, for amounts significantly higher than those for which provision has been made, could have negative effects on the Company's activities and on its income, balance sheet, and financial situation.
Without prejudice to the above, the provisions recognized in the Financial Statements at December 31, 2019 were considered adequate by the Company at the date of completion of this document.

Risk factors related to the industry in which the Company operates

Risks associated with the operation of existing sites, the identification of new sites suitable for the development of the Company's projects, and the issuance and/or revocation of administrative authorizations
Any failure or delay in obtaining authorizations and permits for the Company, as well as their subsequent withdrawal, could lead to negative effects on the Company's operations and, consequently, on its income, balance sheet, and financial situation.

Risks related to the effects on infrastructure of natural disasters or other force majeure events
The proper operation of the infrastructure is essential for the Company's activity and to provide services to its customers. Although the Company believes that it has adequate insurance coverage in place to compensate any damage caused by natural disasters or other force majeure events, and has developed operating procedures to be followed should such events occur, any damage to part or all of the towers of the Company or, more generally, to its Sites, resulting from natural disasters or other force majeure events, could hamper or, in some cases, prevent the Company's normal operations and its ability to continue to provide services to its customers.

Risks related to the discontinuation of Site activities
The Company relies on infrastructure to provide its services and, more generally, to conduct its business; by its very nature, this infrastructure is subject to interruptions or other malfunctions caused, among other things, by prolonged power outages, security issues, or suppliers' defaults. Any network outage, access by unauthorized persons, and security breach or other failures of the Company's technical infrastructure or any actions taken in order to deal with or prevent them, could lead to significant additional costs for the Company, or prevent its operation, with possible negative effects on the Company's activities and on its income, balance sheet, and financial situation.

Risks related to technical and technological developments
The Company's inability to identify technical solutions capable of addressing market changes and future needs could have a negative impact on the income, balance sheet, and financial situation of the Company.

Risks related to increased competition
The Italian market is characterized by a limited number of national and international competitors in the business sectors in which the Company operates. It is possible that, considering the growth prospects of the industry, certain international or national operators that own towers and are already present in adjacent sectors, start activities in competition with the Company, by expanding their business, thereby increasing the level of competition in the industry; this would engender pressure on prices and declining margins. Such circumstances may affect the development plans of the Company, its pricing policy and its revenues, with negative effects on the activities and the income, balance sheet, and financial situation of the Company.

Risks related to environmental and health protection
The Company is subject to comprehensive regulation on the protection of the environment and human health at the national and EU level. Although the Company is committed to be constantly in compliance with the applicable legislation, any violations of applicable environmental laws may result in adverse effects on the income, balance sheet, and financial situation of the Company.

Risks associated with the reference regulatory framework in relation to the activities carried out by the Company's customers

The activities of Company's customers are subject to complex regulations at national and EU level, especially with regard to environmental and administrative matters; in this context, the numerous regulatory requirements imposed by the relevant authorities are very important due to the indirect impact that customers' non-compliances could have on the Company's activities. Specifically, mobile phone operators hosted at the Company's sites are subject to regulations aimed at protecting people and the environment from exposure to electromagnetic fields.

Any infringement of the legal and regulatory framework applicable to the Company's customers could have a negative impact on the income, balance sheet, and financial situation of the customers and, indirectly, of the Company.

Risks associated with the possible contraction of customer demand for the Company's services

The Company offers integrated hosting services to its customers, with the aim of covering the entire value chain of the hosting business, in accordance with the business model adopted: from pure leasing of the equipment all the way to the services supporting the operation and maintenance of such equipment. Any contraction of customer demand for the services provided by the Company, even when due to contingent reasons, could have a negative impact on the Company's income, balance sheet, and financial situation.

Risks related to global economic conditions

Any contraction of customer demand for the services provided by the Company, linked to the persistent global economic and financial crisis, could have a negative impact on the Company's income, balance sheet, and financial situation.

Risks related to the costs for the construction of the Passive Infrastructure

The development and implementation of the passive infrastructure requires the Company to incur capital expenditures. Any significant increase in the costs for the development and construction of the Company's Passive Infrastructure could have a negative impact on its income, balance sheet, and financial situation.

CORPORATE BODIES AT DECEMBER 31, 2019

BOARD OF DIRECTORS

On April 13, 2018, the current Board of Directors was appointed, consisting of 11 directors, which will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020.

(**) On May 15, 2019, the Board of Directors appointed by co-option Piergiorgio Peluso and Carlo Nardello as non-executive Directors, replacing Stefano Siragusa and Mario Di Mauro, who resigned and appointed Mr Peluso as Chairman of the Board of Directors, without executive powers.

The Shareholders' Meeting on December 19, 2019 appointed the Directors Piergiorgio Peluso and Carlo Nardello, whose term of office will expire pursuant to art. 2386 of the Italian Civil Code, and on the same date, the Board of Directors again appointed Peluso as Chairman, without executive powers.

By virtue of the Agreement signed by TIM S.p.A. Vodafone Europe B.V., Vodafone Italia S.p.A., INWIT S.p.A. and Vodafone Towers S.r.l., the Company's Board of Directors (in the meeting of February 6, 2020) convened the Shareholders' Meeting for March 20, 2020 to resolve on the appointment of a new Board of Directors, subject to the merger by incorporation of Vodafone Towers into INWIT and effective from the effective date of the same "

The Board of Directors of the Company, at December 31, 2019, was composed as follows:

Chairman	Piergiorgio Peluso
CEO and General Manager	Giovanni Ferigo
Directors	Francesca Balzani (independent) Enrico Maria Bignami (independent) Gigliola Bonino Laura Cavatorta (independent) Luca Aurelio Guarna (independent) Carlo Nardello Agostino Nuzzolo Filomena Passeggio (independent) Secondina Giulia Ravera (independent)

.

Also on May 15, 2019, for logistical reasons, the company's Board of Directors resolved to transfer the address of the registered office in Milan from Via Giorgio Vasari 19 to Via Gaetano Negri 1.
All members of the Board of Directors are domiciled for the purposes of their office at the new registered office of INWIT.

The Board of Directors, which comprises a majority of independent directors, complies with the provisions contained in art. 16 of Consob Market Regulation and with the recommendations of the Corporate Governance Code issued by Borsa Italiana.

The composition of the Internal Committees is as follows:

- ***Control and Risk Committee***: Luca Aurelio Guarna (Chairman), Francesca Balzani and Secondina Giulia Ravera
- ***Nomination and Remuneration Committee***: Filomena Passeggio (Chairman), Enrico Maria Bignami and Laura Cavatorta
- ***Strategy Committee:*** Piergiorgio Peluso (Chairman, replacing Stefano Siragusa), Giovanni Ferigo, Enrico Maria Bignami, Carlo Nardello (replacing Mario Di Mauro) and Secondina Giulia Ravera.

On May 10, 2018 the Board of Directors appointed the Director Enrico Maria Bignami Lead Independent Director.

BOARD OF STATUTORY AUDITORS

The April 13, 2018 Shareholders' Meeting appointed the Board of Statutory Auditors, which will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2020.

The Board of Statutory Auditors of the Company is now composed as follows:

Chairman	Stefano Sarubbi
Acting Auditors	Umberto La Commara
	Michela Zeme
Alternate Auditors	Roberto Cassader
	Elisa Menicucci

INDEPENDENT AUDITORS

The Shareholders' Meeting held on February 27, 2015 appointed the audit firm PricewaterhouseCoopers S.p.A. to audit the Company's financial statements for the nine-year period 2015-2023.

MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE FINANCIAL REPORTS

The Board of Directors confirmed Rafael Giorgio Perrino (Administration, Control & Risk Management Manager Company) manager responsible for preparing the financial reports of INWIT during its meeting held on April 13, 2018 and, subsequently, at its meeting on November 6, 2018 - following changes to the organizational structure.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

INWIT's internal control and risk management system is organized, and operates, in accordance with the principles and criteria set out in Borsa Italiana's Code of Corporate Governance. It is an integral part of the Company's general organizational framework, and involves a number of actors who operate in a coordinated manner according to their respective responsibilities as follows: the Board of Directors is responsible for strategic guidance and supervision; the CEO and management are responsible for monitoring and managing the Company's operations; the Control and Risks Committee, and the Head of the Audit Function, have a monitoring role and lend support to the Board of Directors; and the Board of Statutory Auditors has a supervisory role.

In particular, the Internal Control and Risk Management system is composed of a series of rules, procedures and organizational structures designed to permit - through a process of identification, measurement, management and monitoring of the main risks - the sound, correct management of the Company in keeping with the provisions of the Company's **Code of Ethics** and **Code of Corporate Governance** (both of which may be consulted on the website www.inwit.it, Governance section) approved by the Board of Directors on February 27, 2015, which allow exceptions to and/or supplement the framework of rules governing the duties and working of the Company's governing bodies, and on other matters refers to the Code of Corporate Governance drawn up by the Corporate Governance Committee of Borsa Italiana.

The internal control system is completed by the "**231 Organizational Model**", that is, an organizational and management model adopted pursuant to Italian Legislative Decree no. 231/2001, designed to prevent criminal offenses that may entail the Company's liability.

The Organizational Model of TIM, adopted by INWIT, is organized into:

- the **Code of Ethics** which ideally heads the entire corporate governance system and represents INWIT's charter of values for the ethical (that is, the transparent, correct and true) management of its business affairs. The Code of Ethics sets out, in particular, the nature of disclosure of business practices and affairs to the intended recipients of such information, namely: the members of the governing bodies, the management, those working for the Company. External contractors and consultants, and insofar as the Company's procedural system provides for such, third parties with business relations with INWIT, must comply with the Code of Ethics. As is the case with all of the Company's instruments of governance, the Code of Ethics is constantly monitored and checked in view of developments in the law, and in business and market practices, bearing in mind the results of monitoring by the Control and Governance functions of TIM.

- the "**rules of conduct**" consisting in specific rules governing relations with third parties, formalities and corporate activities;

- the "**internal control process charts**" describing the corporate processes at risk of commission of criminal offenses, the corresponding criminal offenses, the aspects of control, and guidelines aimed at preventing illegal conduct.

The Organizational Model takes into consideration those criminal offenses covered by Italian Legislative Decree 231/2001, with the exception of those considered not to be directly relevant to the TIM Company.

The functions of Supervisory Body are assigned to the Board of Statutory Auditors, which as such monitors the operation and compliance with the Organizational Model, and reports to the Board of

Directors in regard to monitoring and audit operations carried out, and the corresponding results of such.

INWIT's website features a specific section concerning the adopted 231 Organizational Model. (www.inwit.it, Governance Systems section).

The following company policies and procedures have been established and adopted:

- the Anticorruption Policy that constitutes the benchmark for the prevention of corrupt practices ;

- the Whistleblowing Procedure which introduces a process designed to guarantee the receipt, analysis and management of reports of conduct suspected of infringing the Code of Ethics and Conduct and the 231 Organizational Model adopted by INWIT, the internal procedures, and any external regulations applicable to INWIT, together with reports from the Board of Statutory Auditors insofar as it is concerned.

- the Procedure for carrying out transactions with related parties, transactions with related parties were managed within the RPT procedure approved by the Board of Directors on July 25, 2017 and from January 1, 2019 the new procedure is in force, pursuant to the Regulation adopted by Consob with resolution no.17221/2010 as amended.

- the Procedure for the internal management and public disclosure of insider information, approved by the Board of Directors on February 27, 2015, in regard to the means of public disclosure of documents and information regarding the Company, with specific regard to insider information.

In accordance with the Company's Code of Corporate Governance, in exercising the Board of Directors' responsibility for the internal control and risk management system, the Board also avails itself of the services not only of the Internal Control and Risk Management Committee, but also of the head of the Audit Function, which enjoys its own organizational independence and has sufficient adequate resources to carry out its own activities. The Head of the Audit Function, Laura Trucco, is responsible for supporting the administrative and control bodies in verifying the adequacy, full operation and effective functioning of the risk management and control system, and consequently for proposing corrective measures in the event of anomalies or shortcomings.

The Head of the Audit Function also acts as guarantor in regard to compliance with the principles and values expressed in the Code of Ethics, by handling the reports received from employees, contractors, consultants, service providers and business partners of the Company, in regard to any violation of the law or regulations, of the Code itself, or of company procedures, and by promoting the most suitable actions as a consequence of such reports.

As permitted by the Company's Code of Corporate Governance, and as decided by the Board of Directors, subject to the opinion of the Control and Risks Committee, the Audit Function avails itself, through a specific Framework Agreement, of the services of a major audit firm, selected following a specific call for tenders, in order to carry out its own activities.

Furthermore, during the course of the financial year 2016 the Compliance and Regulations Function was established with the aim of strengthening the safeguards provided by the internal control system.

The principal persons and bodies involved in the operation of the internal control system are:

1. the Board of Directors, whose role it is to guide and periodically (annually) assess the system;

2. the Executive Directors (at present: the Chairman of the Board of Directors and the Chief Executive Officer), in their capacity as directors appointed to establish and maintain the system, in keeping with the guidelines established by the plenum of the Board of Directors;

3. the Control and Risks Committee, whose role it is to provide preliminary support to the Board of Directors in regard to the latter's duties concerning internal control and risk management;

4. the Head of the Audit Function who is accountable to the Board of Directors, and whose task it essentially is to monitor the operation and adequacy of the internal control and risk management system;

5. the manager appointed to draw up the Company's accounting documents, by the Board of Directors, who is responsible for establishing adequate administrative and accounting procedures for the formation of the interim and final financial statements, together with any other financial disclosures or reports.

6. the Board of Statutory Auditors which, borrowing an expression from the Stock Exchange Code, represents the head of the supervisory system. Together with the legal functions assigned to the Board of Statutory Auditors, the same Board also has the functions of supervisory body, pursuant to Italian Legislative Decree no. 231/2001, for the purposes of corporate self-governance.

INWIT'S PEOPLE

In a competitive scenario, where business, technology and consumption models are constantly undergoing radical change, the change required to meet the market challenge must include the valorization of employees and the development of their professionalism.

INWIT recognizes the centrality of human resources, respects workers' rights and safeguards their safety and health in the workplace, consistently with the Code of Ethics, adopted by all of the Companies in the Group and based on the UN's Global Compact, which health and safety, respect for rights, promotion of equal opportunities and professional development.

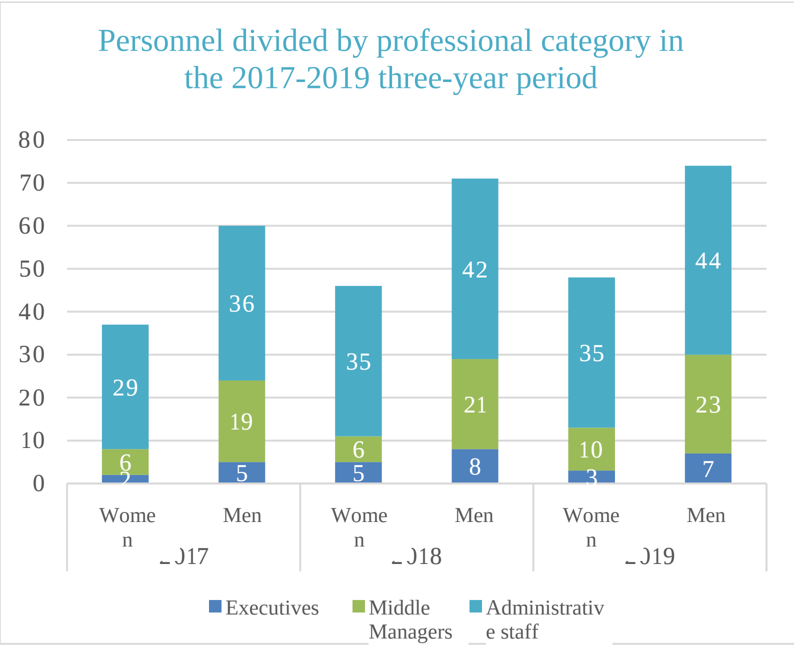
Management of labor relations in INWIT aims to favor equal opportunities and the professional development of each employee.

WORKFORCE

There were 122 employees at December 31, 2019. They can be subdivided into their respective categories, as follows:

(units)	*12.31.2019*	*12.31.2018*
Executives	10	13
Middle Managers	33	27
Administrative staff	79	77
Total	***122***	***117***

The distribution of the workforce in gender terms is as follows:



The average entity of the workforce in the period in question was 117.65 employees (units), and can be sub-divided as follows:

average workforce	*2019*	*2018*
Executives	11.08	9.08
Middle Managers	31.17	26.50
Administrative staff	75.40	67.67
Total	***117.65***	***103.25***

In 2019, INWIT continued the process of consolidation of activities, processes and organizational structure. In parallel, the workforce increased by 5 resources (balance between 19 entries and 14 exits). Since the launch of the business (April 1, 2015), personnel numbers have increased by 63.

The growth in the workforce took place in line with the evolution of the Company's qualitative and quantitative needs; the people hired, all rigorously selected on the basis of the necessary skills; came from both the TIM Group (13 hires) and the external market (6 hires). 63% of new hires were to strengthen supervision of staff functions and in particular the "Legal, Corporate Affair & Compliance" function, for a significant turnover of professionals in 2020 and 37% to improve technological and marketing processes.

The growth in the workforce has been accompanied by a program of continuous training and skill development.

ORGANIZATION

In order to guarantee operations and the achievement of company targets, the Company adopted an organizational model that provides for the monitoring of the principal activities required for the management and development of the Company's business.

The following departments report to the CEO:

- Administration, Finance, Control & Business Support which is responsible for planning and control processes, administration, accounting and finance, preparing the financial statements, fiscal obligations, relations with investors and the financial community, and risk management. This department is also responsible for procurement, and manages business development initiatives;

- Legal, Corporate Affairs & Compliance, which protects the Company legally, by providing legal advice, assistance with preparing, negotiating and executing contracts, management of disputes and litigation. The Department also handles corporate affairs, provides support to the corporate bodies, manages the meetings of shareholders, fulfills the legal requirements with the financial markets regulators, and compliance activities;

- Human Resources, which assists business departments in reaching their objectives, through its people management and development, education, rewards and “people caring” policies, and implementing the organizational setups. The HR Department also supervises health, safety and accident prevention issues, industrial relations and organizational processes;

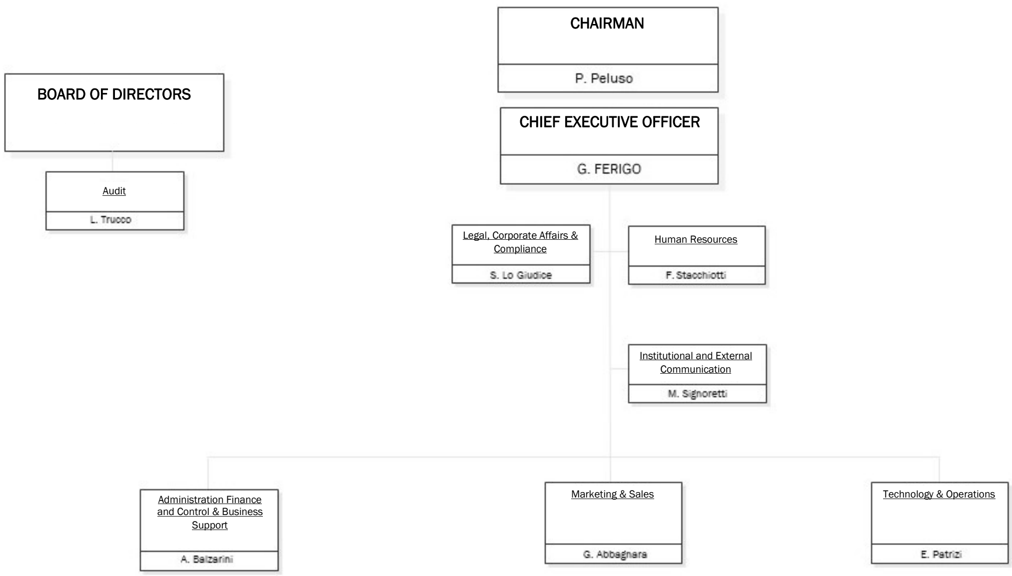
- Institutional and External Communication which is responsible for external relations and communications with the media, central and local institutional bodies;

- Marketing & Sales, which in collaboration with Technology & Operations, is responsible for setting the offers and pricing for traditional tower hosting services, and innovative services such as cellular micro coverage, backhauling and the Internet of Things. This department is also responsible for managing pre- and post-customer sales, also relying on business partners for the acquisition of locations and checking of coverage.

- Technology & Operations, which in collaboration with Marketing & Sales is responsible for technology scouting, enabling the development of new marketable services, the planning and realization of macro sites, the realization of cellular micro coverage and the maintenance and asset management of the company's sites and production assets. This department also optimizes leasing costs and carries out information technology activities.

The Audit function, which reports to the Board of Directors, defines the audit plans, carries out the planned and requested audits, prepares the audit reports and monitors the implementation of plans to improve the internal control system.

The organizational structure of INWIT is shown below (available at www.inwit.it).



ISO 9001:2015 CERTIFICATION

In support of the consolidation of business following the initial start-up period, in 2016 INWIT launched a project for the certification, in accordance with UNI EN ISO 9001:2015 standards, of the following process monitored by Marketing & and Technology Operations Functions “Supply of integrated services for hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting, and the associated activities of marketing, implementation and management of contracts entered into with customers and owners, routine and extraordinary maintenance, the construction of new sites and the disposal of existing sites”.
The first Certification concluded positively in the first few months of 2017; during 2019, the required recertification checks by the Certifying Body were initiated and successfully concluded. Activities supporting improvement continued throughout the year.

TRAINING

In 2019, a total of 4714 hours of training were provided, both classroom based and digital, equivalent to an average of just over 39 hours per capita. Nearly all of INWIT's employees were involved in training courses. Newly hired colleagues during the year, took part in an "induction" day with the Company, for a total of 51 hours.

MANAGEMENT TRAINING

During the year, approximately 1186 hours of managerial training were provided. All employees were involved in an engagement course.

SPECIALIZED TRAINING

During the year, approximately 2343 hours of specialized training were provided to employees, both in the classroom and digital mode. The topics addressed - related to the relevant working areas - concerned, for example: focus on mobile technologies; specific training on products used, provided by suppliers; digital skills.

LANGUAGE TRAINING

During the year, 85 hours of language training were provided, in "one-to-one" and "blended" mode, also using the online platform. All employees also had the opportunity to independently use the online platform to study English on the TIM Group Intranet site.

INSTITUTIONAL TRAINING

During 2019, approximately 1048 hours of institutional training were provided, mainly addressed to issues of occupational health and safety, compliance, 231r and GDPR.

COMPENSATION

Remuneration policy is designed to help achieve business targets, promote the creation of value for shareholders, and constantly improve company performance.INWIT intends to establish a remuneration system in keeping with the Parent Company's guidelines, and with the market's best practices, by strengthening the engagement of employees, and by acknowledging their vital role and professional contribution.
At the managerial level, action has been taken in regard to the short-term variable remuneration system reserved for all heads of recognized organizational units, on the basis of the economic/financial targets and quantitative targets set out in the Business Plan. The LTI Plan reserved for the CEO, Key Managers and other managers holding critical roles for the Company is underway.
In support of the achievement of the key business targets - represented by a growth in revenue and the optimization of leasing costs - those resources operating throughout the country in regard to such processes have been the subject of canvassing operations.

HEALTH AND SAFETY PROTECTION

The Company considers the continuous improvement in its health and safety performance to be a key priority, and a factor of vital importance for the safeguarding of the health and safety of its own employees and of other workers.
In 2019, training continued on specific issues related to health and safety in the workplace. Formalization of the updating of the Risk Assessment Document, evaluation of work-related stress and formalization of a complex system of delegation for those with responsibility at the different levels of the organization continued.

WELFARE

INWIT has participated in the employee Welfare projects promoted by TIM for the benefit of all of the Group's companies, in the belief that economic and social sustainability depends first and foremost on the respect and care shown for those who work in the business.

The principal measures offered by INWIT during the course of 2019 were:

- subsidized nurseries;
- company loans;
- holidays for the children of employees;
- projects in the fields of sport, art, culture, entertainment and events
- check ups for employees over 45
- adoption of agile working practices

OTHER MEASURES FOR THE BENEFIT OF EMPLOYEES

The ASSILT (Association for supplementary healthcare for TIM Group employees). financed by the Group's companies, by worker members and by pensioner members, continued to provide no-profit supplementary services to members and beneficiaries, in addition to those provided by the National Health Service. Such supplementary services include joint (with public healthcare facilities) healthcare studies, surveys and actions, both group and individual, together with the promotion of health education projects, aimed at safeguarding the physical well-being and health of members.

The ASSIDA reimburses executive managers for supplementary healthcare services (i.e. in addition to those provided by the National Health Service).

TELEMACO is the National Supplementary Pension Fund for employees of companies in the telecommunications industry. It was established in 1998 in the form of a no-profit association, and has been operative since October 2000; the aim is to guarantee member employees the same standard of living at the moment they retire, thanks to the creation of a supplementary pension scheme in addition to the State one.
It is designed for the white-collar and blue-collar workers, and the management, of those companies that apply the national collective employment contract for the telecommunications industry, for full-time workers, apprentices and workers entering the labor market, as well as those persons dependent on employees who pay in to the Fund.

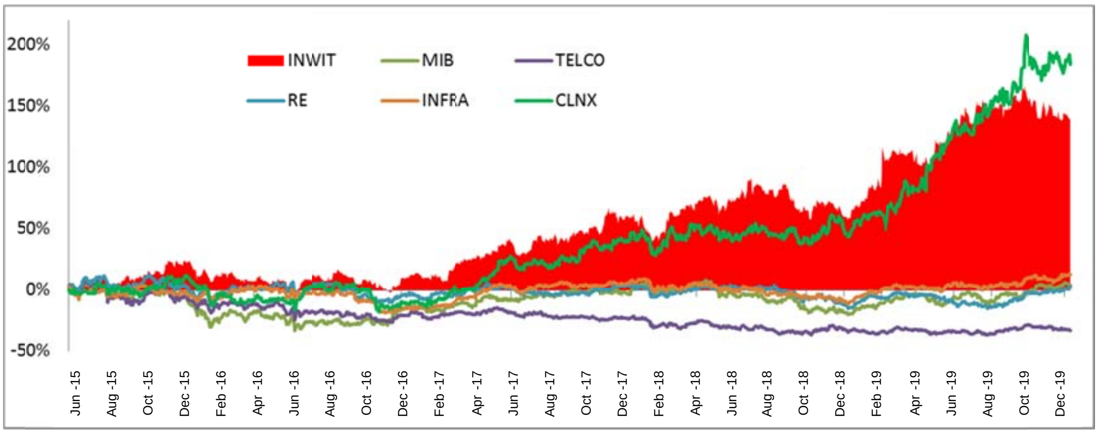
The CRALT (The TIM Group Employees' Social Club) organizes trips and holidays, together with sporting, cultural and recreational events, for the employees of Companies in the TIM Group. The CRALT also enables members and their families to purchase goods and services at discounted prices/tariffs, with the benefit of paying for such in installments, through the stipulation of special agreements with the suppliers of such goods and services. In this regard, of particular note is the convention regarding, and the corresponding contribution towards the cost of, the school and university text books of members' children, which constitutes a valuable aid to families' spending capacity.

SOLIDARITY

At Christmas time, INWIT made a donation to the Save the Children Fund.

INFORMATION FOR INVESTORS

Following completion of the Global Offering, on June 22, 2015, INWIT shares were listed on the MTA of Borsa Italiana at a price of 3.65 euros per share.
The following chart shows the performance of the stock in the period comprised between the start of trading and December 31, 2019.

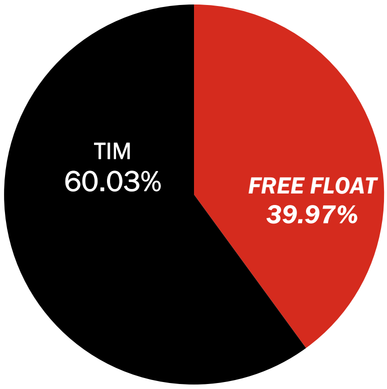


INWIT SHARE CAPITAL AT DECEMBER 31, 2019

Share capital	600,000,000 euros
Number of ordinary shares (without nominal value)	600,000,000
Market capitalization (based on average prices between 1.1.2019 and 12.31.2019)	4,950 million euros

SHAREHOLDERS

Shareholders' structure at December 31, 2019:



TREASURY SHARES

Inwit owns 222,118 treasury shares which represent 0.037% of the share capital (purchased in 2018) for the 2018-2020 Long Term Incentive Plan.

The cash outlay was 1,437 thousand euros and the shares were purchased at an average market value of 6.46 euros per share.

The shares are deposited in a securities account held by Inwit S.p.A. with Intesa Sanpaolo S.p.A.

The company does not hold shares of the Parent, not did it purchase or sell them, either directly or through trust companies or third parties.

WAIVER OF THE OBLIGATION TO PUBLISH DISCLOSURE DOCUMENTS FOR EXTRAORDINARY OPERATIONS

On February 27, 2015 the Board of Directors of INWIT resolved to adopt the opt-out regime provided by article 70 paragraph 8 and article 71, paragraph 1-bis of Issuers' Regulation and exercised the option to waive the obligations to publish disclosure documents required under Annex 3B of the aforementioned Regulation in the event of significant transactions.

RELATED PARTY TRANSACTIONS

Pursuant to Article 5, paragraph 8, of Consob Regulation no. 17221/2010 concerning “transactions with related parties” and to the subsequent Consob Resolution no. 17389/2010, in 2018 there were no transactions of major significance, as defined by Article 4, paragraph 1(a) of the aforementioned regulation, or any other transactions with related parties, that had any significant impact on the Company's financial position or results for the financial year 2019.

Related party transactions, when not dictated by specific laws, were usually conducted at arm's length; the transactions were subject to an internal procedure (available for consultation on the Company’s website at the following address: www.inwit.it, Governance section) which establishes procedures and time scales for verification and monitoring.

The information on related parties required by Consob Communication DEM/6064293 of July 28, 2006 is presented in the financial statements and in the Note “Related Parties” to the individual Financial Statements at December 31, 2019.

ALTERNATIVE PERFORMANCE MEASURES

In this Management Report at December 31, 2019 of the INWIT Company, in addition to the conventional financial performance measures established by IFRS, certain *alternative performance measures* are presented for purposes of a better understanding of the Company's trend of operations and financial condition. Such measures, which are also presented in other periodical financial reports (annual and interim) should, however, not be construed as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- **EBITDA:** this financial indicator is used by the Company as a financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement to assess the Company's operating performance in addition to **EBIT**. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Amortization and depreciation
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- ***Net Financial Debt ESMA and Net Financial Debt INWIT***: the Net Financial Debt ESMA of the Company is calculated in accordance with the provisions of paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004, as shown below:

A Cash
B Other cash equivalents
C Securities held for trading
D Liquidity (A + B + C)
E Current financial receivables
F Current financial payables
G Current portion of financial payables (medium/long-term)
H Other current financial payables
I Current financial debt (F+G+H)
J Net current financial debt (I+D+E)
K Medium/long term financial payables
L Bonds issued
M Other non-current financial payables
N Non-Current financial debt (K+L+M)
O Net financial debt (J+N)

To monitor the performance of its financial position, INWIT also uses "INWIT net financial debt" as a financial indicator; it is defined as the ESMA net financial debt less receivables and non-current financial assets, where applicable.

ESMA net financial debt
Other financial receivables and non-current financial assets (*)
INWIT Net financial debt

(*) This accounting item refers to loans granted to certain employees of the company.

- **Operating Free Cash Flow:** calculated as follows:

EBITDA
Capital expenditure
EBITDA - Capex
Change in trade receivables
Change in trade payables (*)
Other changes in operating receivables/payables
Change in provisions for employee benefits
Change in operating provisions and Other changes
Change in net operating working capital:
Operating free cash flow

(*) Except trade payables for investment activities.

Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. at December 31, 2019

This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails

Contents

Individual financial statements of INFRASTRUTTURE WIRELESS ITALIANE S.p.A. at December 31, 2019

Statement of Financial Position

Assets

(euros)	Notes	*12/31/2019*	*of which related parties*	*12/31/2018*	*of which related parties*
Assets					
Non-current assets					
Intangible assets					
Goodwill	4)	1,411,770,320		1,411,770,320	
Intangible assets with a finite useful life	5)	11,044,372		40,568,644	
Tangible assets					
Property, plant and equipment	6)	288,735,176		254,891,760	
Right-of-use assets	7)	706,968,817		325,198	
Other non-current assets					
Non-current financial assets	8)	234,627		218,020	
Miscellaneous receivables and other non-current assets	9)	6,931,691		21,672,284	
Deferred tax assets	23)	1,939,437		2,681,673	
Total Non-current assets		***2,427,624,440***		***1,732,127,899***	
Current assets					
Trade and miscellaneous receivables and other current assets	9)	83,111,169	*42,169,000*	78,176,586	*24,916,000*
Financial receivables and other current financial assets	8)	15,116,738	*15,009,000*	8,101,063	*8,001,000*
Current securities and equity investments	7)	-		10,035,723	
Income tax receivables		1,200		1,186	
Cash and cash equivalents	10)	66,570,115	*1,401,000*	104,124,959	*12,965,000*
Total Current assets		***164,799,222***		***200,439,517***	
Total assets		***2,592,423,662***		***1,932,567,417***	

Equity and Liabilities

(euros)	Notes	12/31/2019	of which related parties	12/31/2018	of which related parties
Equity	11)				
Share capital issued		*600,000,000*		*600,000,000*	
Minus: treasury shares		*(222,118)*		*(222,118)*	
Share capital		599,777,882		599,777,882	
Share premium reserve		660,000,000		660,000,000	
Legal reserve		120,000,000		120,000,000	
Other reserves		(804,937)		(931,704)	
Retained earnings (losses) including earnings (losses) for the period		182,219,764		169,459,128	
Total Equity		***1,561,192,709***		***1,548,305,306***	
Liabilities					
Non-current liabilities					
Employee benefits	12)	1,791,179		2,222,994	
Deferred tax liabilities		-		-	
Provisions for Risks and Charges	13)	101,655,979		99,111,084	
Non-current financial liabilities	14)	670,404,592	*117,922,000*	130,208,617	*70,000,000*
Miscellaneous payables and other non-current liabilities	16)	9,615,610	*8,206,000*	7,003,942	*5,742,000*
Total Non-current liabilities		***783,467,360***		***238,546,637***	
Current liabilities					
Current financial liabilities	14)	123,660,756	*20,949,000*	40,359,035	*134,000*
Trade and miscellaneous payables and other current liabilities	16)	123,301,726	*80,036,000*	104,561,706	*65,350,000*
Income tax payables		801,111		794,733	
Total current Liabilities		***247,763,593***		***145,715,474***	
Total liabilities		***1,031,230,953***		***384,262,111***	
Total Equity and Liabilities		***2,592,423,662***		***1,932,567,417***	

SEPARATE Income Statement

(euros)	Notes	*Financial Year 2019*	*of which related parties*	*Financial Year 2018*	*of which related parties*
Revenues	17)	395,396,240	*302,515,000*	378,472,164	*289,747,000*
Acquisition of goods and services - Ordinary charges	18)	(27,178,227)	*(7,185,000)*	(151,063,464)	*(29,340,000)*
Acquisition of goods and services - Charges associated with extraordinary transactions		(5,252,157)		-	
Employee benefits expenses - Ordinary expenses	19)	(10,573,445)	*(1,419,000)*	(9,235,395)	*(1,408,000)*
Employee benefits expenses - Restructuring and rationalization expenses		(573,460)		(165,288)	
Other operating expenses	20)	(2,043,189)		(2,568,022)	
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		***349,775,762***		***215,439,995***	
Amortization, gains/losses on disposals and impairment losses on non-current assets	21)	(130,023,422)		(15,189,939)	
Operating profit (loss) (EBIT)		***219,752,340***		***200,250,056***	
Financial income	22)	449,387	*15,000*	180,709	*2,000*
Financial expenses	22)	(24,621,178)	*(2,012,000)*	(4,145,484)	*358,000*
Profit (loss) before tax		***195,580,549***		***196,285,281***	
Income taxes	23)	(56,266,780)		(55,524,386)	
Profit for the period		***139,313,769***		***140,760,895***	
Basic and Diluted Earnings Per Share	24)	0.232		0.235	

Statement of Comprehensive Income

(euros)		Financial Year 2019	Financial Year 2018
Profit for the period	***(a)***	***139,313,769***	***140,760,895***
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		(120,645)	57,872
Net fiscal impact		28,955	(13,889)
Total other items that will not subsequently be reclassified in the Separate Income Statement	***(b)***	***(91,690)***	***43,983***
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the separate income statement	***(c)***	-	-
Total other items of the Statement of Comprehensive Income	***(d=b+c)***	***(91,690)***	***43,983***
Total Comprehensive income for the period	***(e=a+d)***	***139,222,079***	***140,804,878***

Changes in net equity

Changes in net equity from January 1, 2018 to December 31, 2018

(euros)	*Notes*	Share capital	Treasury share reserve in excess of nominal value	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	***Total Equity***
Amounts at January 1, 2018	***11)***	***600,000,000***	***-***	***660,000,000***	***262,660,630***	***1,522,660,630***
Total Comprehensive income for the period		-		-	140,804,878	140,804,878
Share buy-backs		(222,118)	(1,215,210)	-	-	(1,437,328)
Dividends approved		-	-	-	(114,000,000)	(114,000,000)
Other changes		-	-	-	277,126	277,126
Values at December 31, 2018	***11)***	***599,777,882***	***(1,215,210)***	***660,000,000***	***289,742,634***	***1,548,305,306***

Changes in net equity from January 1, 2019 to December 31, 2019

(thousands of euros)	*Notes*	Share capital	Treasury share reserve in excess of nominal value	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	***Total Equity***
Amounts at January 1, 2019	***11)***	***599,777,882***	***(1,215,210)***	***660,000,000***	***289,742,634***	***1,548,305,306***
Total Comprehensive income for the period		-	-	-	139,222,079	139,222,079
Dividends approved		-	-	-	(126,553,133)	(126,553,133)
Other changes		-	-	-	218,457	218,457
Values at December 31, 2019	***11)***	***599,777,882***	***(1,215,210)***	***660,000,000***	***302,630,037***	***1,561,192,709***

Cash flow statement

(euros)		Financial Year 2019	Financial Year 2018
Cash flows from operating activities:			
Profit for the period		139,313,769	140,760,895
Adjustments for:			
Depreciation and amortization, losses on disposals and impairment losses on non-current assets		130,023,422	15,189,939
Net change in deferred tax assets and liabilities		771,236	102,634
Change in provisions for employee benefits		225,631	18,805
Change in trade receivables		(23,047,660)	(8,223,155)
Change in trade payables		20,140,282	6,787,421
Net change in miscellaneous receivables/payables and other assets/liabilities		20,546,000	4,195,000
Other non-monetary changes		16,854,609	3,154,783
Cash flows from operating activities	***(a)***	***304,827,289***	***161,986,323***
Cash flows from investing activities:			
Total purchases of tangible and intangible assets for the period and rights of use on third-party assets (*)		(210,823,000)	(62,214,000)
Change in amounts due to fixed asset suppliers		*142,920,000*	*13,575,000*
Total purchases of tangible and intangible assets and rights of use on third-party assets on a cash basis		(67,903,000)	(48,639,000)
Change in financial receivables and other financial assets		3,003,440	(18,068,240)
Other non-current changes		1,925,560	(180,000)
Cash flows used in investing activities	***(b)***	***(62,974,000)***	***(66,887,240)***
Cash flows from financing activities:			
Change in current and non-current financial liabilities		(152,855,000)	70,103,197
Share buy-backs		-	(1,437,328)
Dividends paid (*)		(126,553,133)	(114,000,000)
Cash flows used in financing activities	***(c)***	***(279,408,133)***	***(45,334,131)***
Aggregate cash flows	***(d=a+b+c)***	***(37,554,844)***	***49,764,953***
Net cash and cash equivalents at beginning of the period	***(e)***	***104,124,959***	***54,360,006***
Net cash and cash equivalents at end of the period	***(f=d+e)***	***66,570,115***	***104,124,959***

(*) of which related parties

(euros)	Financial Year 2019	Financial Year 2018
Total purchases of tangible and intangible assets and rights of use on third-party assets for the period	18,409,000	14,674,000
Dividends paid	76,002,200	68,438,000

On November 6, 2017, Regulation EU no. 2017/1990 was issued which implemented at the EU level certain amendments to IAS 7 (Cash Flow Statement). For this purpose please note that the liabilities arising from financing activities solely concern monetary movements. No change of this type was recorded in 2019.

Note 1 - Form, content, and other general information

Form and content

These individual financial statements of Infrastrutture Wireless Italiane S.p.A. (hereinafter "**INWIT**", or the "**Company**") for the period from January 1, 2019 to December 31, 2019 (hereinafter the "**Individual Financial Statements at December 31, 2019**") were drawn up on the assumption of corporate continuity (for further details, see Note 2 "Accounting Standards"), in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (defined as the "**IFRS**") and with the legal and regulatory provisions in force in Italy (in particular, the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38 of February 28, 2005).

INWIT was incorporated on January 14, 2015, is controlled by TIM S.p.A. (hereinafter "**TIM**" or the "**Parent**"), is domiciled in Italy, with registered office in Via Gaetano Negri, 1 Milan, and operates in accordance with the laws in force in the Republic of Italy.

The figures at December 31, 2019 are compared with the figures from the statement of financial position at December 31, 2018; The figures from the separate income statement and from the statement of comprehensive income are compared with the figures for the corresponding periods of the previous financial year. The financial reports and the reports on changes in net equity are compared with those for the corresponding periods of the previous financial year.

The Company's financial year-end is December 31.

The Financial Statements at December 31, 2019 were prepared in accordance with the general cost principle, except for the initial entering of financial assets and liabilities for which the application of the fair value principle is compulsory; also, they were prepared in Euros. The values expressed in the notes to these financial statements are expressed in thousands of euros, unless otherwise indicated.

Publication of the Financial Statements at December 31, 2019 was approved by the Board of Directors' meeting on March 5, 2020.
However, final approval of the Infrastrutture Wireless Italiane S.p.A. individual financial statements rests with the shareholders' meeting.

Financial Statement Structure

The structure of the Financial Statements is in keeping with that provided for by IAS 1; Specifically:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current and non-current" principle;
- the separate Income Statement has been prepared by classifying operating costs according to their nature, in that this method of reporting is deemed better capable of representing the Company's specific business, complies with internal reporting methods, and is in line with practices in the industrial sector in question.
  The Income Statement includes, in addition to EBIT (Operating Earnings), the alternative performance indicator called EBITDA (operating earnings before amortization, depreciation, gains/(losses), and Impairment reversals (losses) on non-current assets).
  Specifically, the Company utilizes EBITDA, in addition to EBIT, as a financial target in internal presentations (business plans) and external presentations (to analysts and investors); the indicator represents a useful unit of measurement for the evaluation of INWIT's operating performance.
  EBIT and EBITDA are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
+/-	Expenses (income) from investments
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Amortization and depreciation
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- the Statement of Comprehensive Income includes, besides the earnings (losses) for the period, as per the separate income statement, the other changes in Net Equity other than those connected to transactions with Shareholders;
- the statement of Cash Flows was prepared by showing the cash flows deriving from operating activities in accordance with the "indirect method", as allowed by the IAS 7 (Statement of financial position).

Furthermore, as required by CONSOB resolution no. 15519 of July 27, 2006, in the case of the separate income statement, income and expenses deriving from transactions which by their very nature do not regularly occur during normal business transactions (non-recurring transactions), are specifically identified and the corresponding effects on the main interim results are reported separately when of a significant entity. Specifically, non-recurrent expenses/income include, for example: income/expenses deriving from the sale of properties, plants and machinery, business units and shareholdings; expenses deriving from corporate reorganization and rationalization processes/projects, including those connected to corporate transactions (mergers, demergers, etc.); expenses resulting from litigation and regulatory penalties, and to related liabilities; other provisions for risks and charges, and the corresponding write-offs; expenses for the settlement of disputes; impairment losses on goodwill and/or other intangible and tangible assets.

In regard, once again, to the aforementioned CONSOB resolution, the amounts of positions or transactions with related parties have been reported separately.

Segment reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed periodically by the top operating level of the entity (the Board of Directors for INWIT) in order to adopt decisions concerning the resources to be allocated and to assess the results; and
- for which discrete financial information is available.

The Company has identified only one operating segment (which also represents the level at which the goodwill is monitored by management and will be tested for impairment). Specifically, the management information note prepared and made available to the Board of Directors for the aforementioned purposes considers the business activity carried out by INWIT as a distinct entity; therefore, no information by segment is presented in the financial statements. The geographical area coincides almost entirely with the territory of Italy.

Note 2 - Accounting polices

The main accounting policies and the most significant valuation criteria utilized to write these Financial statements are described briefly hereafter.

Going concern

The individual Financial Statements at December 31, 2019 have been prepared on a going concern basis as there is the reasonable expectation that the Group will continue its operational activities in the foreseeable future (and in any event with a time horizon of more than twelve months).

Intangible assets

Intangible assets are constituted by identifiable non-monetary items devoid of physical being, that are controllable and are designed to produce future economic benefits. Such items are initially reported at purchase and/or production cost, inclusive of those directly attributable costs incurred in preparing the asset for use. Any financial costs directly imputable to the acquisition, construction or production of an intangible asset requiring a prolonged period of time before it is ready for its intended use, or for sale, must be capitalized. Specifically, within the Company the following intangible assets may be identified:

Goodwill

Pursuant to IFRS 3 (Business Combinations), goodwill is recognized in the separate financial statements at the acquisition date (also through merger or contribution) of companies or business units and is determined as the difference between the consideration paid (measured according to IFRS 3 which is generally determined on the basis of fair value at the acquisition date) and the fair value at the acquisition date of identifiable assets acquired net of identifiable liabilities assumed.
Goodwill is classified in the statement of financial position as an intangible asset with an indefinite useful life, while any "gain deriving from a purchase at favorable prices (or negative goodwill)" is recorded in the separate income statement.

Intangible assets with a finite useful life

Intangible assets with a limited life, acquired or produced internally, are recorded as assets, in accordance with the provisions of IAS 38 (Intangible Assets), when it is likely that the use of the asset in question will generate future economic benefits, and when the cost of the asset may be calculated in a reliable way.
These assets are recorded at purchase or production cost, and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed annually, and are modified if the currently estimated useful life differs from that estimated beforehand. The effects of these modifications are accounted for in the separate income statement on the basis of future use.

Tangible assets

Owned property, plant and equipment are recorded at the cost of purchase or production. Those costs borne subsequent to purchase, are only capitalized if they result in an increase in the future economic benefits inherent in the good to which they refer. All other costs are posted in the separate income statement as they arise.
The cost of assets also includes the costs of disposal of the asset and of the restoration of the site when there is a legal or implied obligation to do so. The corresponding liability is recognized in a provision recognized under liabilities for risks and charges at current value; the imputation to the separate income statement of the capitalized charge, takes place during the course of the useful life of the corresponding tangible assets, by means of the amortization of such assets.
The redetermination of the estimates of demolition costs, of time-discounting rates, and of the dates on which these costs are expected to be borne, is carried out annually at each balance sheet date. The variations in the aforementioned liabilities must be recognized as an increase or a reduction in the cost of the corresponding asset; the amount deducted from the value of an asset must not exceed the book value of that asset. Any excess is immediately recorded in the separate income statement, by agreement, under Depreciation and Amortization.
Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. the amortization rates are reviewed annually, and are modified if the currently estimated useful life differs from that estimated beforehand. The effects of these modifications are accounted for in the separate income statement on the basis of future use.
Land, including that related to buildings, is not depreciated.

RIGHT-OF-USE ASSETS

In accordance with IFRS 16, lease liabilities are presented through the recognition of a financial liability in the statement of financial position at the present value of future lease payments, against the recognition of a right-of-use asset of the leased asset.
On the commencement date of the lease, the right-of-use asset is recognized at cost, including: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs incurred in negotiating the lease and the present value of the estimated restoration or dismantling costs set out in the lease, less any incentives.

Future contractual lease payments are discounted using the implicit interest rate of the related contract. When the rate cannot be easily and reliably determined, the Company's incremental debt rate is used at the time the lease contract is initially recognized.

After initial recognition:

- the right-of-use is amortized on a straight-line basis over the term of the lease (or the useful life of the asset, if lower), subject to impairment and adjusted for any remeasurement of the lease liability;
- the financial liability increases for interest set aside in each period and decreases for payments made. Lease payments are then divided into a repayment of the liability component and an interest component. The interest component is recognized as a financial cost over the entire lease term and is determined on the basis of the effective interest rate method. In addition, the book value of the financial liability must be revalued to reflect any changes in the initial lease term, or to reflect subsequent changes in the amount of the contractual payments, resulting in a corresponding change in the related right of use.

Reduction in the value of intangible and tangible assets

Goodwill

As previously indicated, goodwill is subject to an Impairment Test yearly, or more frequently if there are signs that the value of said goodwill may have fallen. The Impairment Test is conducted in regard to each unit generating cash flows ("*Cash Generating Units*", "CGU") to which goodwill has been assigned. Any reduction in the value of goodwill is recorded if the recoverable value of such is lower than its book value. Recoverable value means the greater of the following two amounts: the fair value of the CGU, net of disposal costs, and the corresponding use value, meaning the current value of the estimated cash flows for said asset. In calculating the use value, future cash flows are time discounted using a pre-tax discount rate that reflects current market values of the cost of money in relation to the investment period and the specific risks of the assets. In the event that the reduction in value resulting from the impairment test is greater than the goodwill value allocated to the CGU, the remaining excess shall be allocated to the assets comprising the CGU in proportion to their book value. The minimum amount of said allocation shall be the highest of the following:

- the fair value of the asset net of selling costs;
- the use value as defined above;
- zero.

the original value of goodwill cannot be restored if the grounds for its reduction no longer exist.

Tangible and intangible assets with finite useful lives and right-of-use assets

At each reporting date, a test is carried out to ascertain whether there are any signs that the value of the tangible and intangible assets with a finite useful life has declined. To this end, both internal and external sources of information are taken into consideration. As regards the former (internal sources), the following factors are considered: the obsolescence or wear and tear of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to expectations. As regards external sources, the following factors are considered: the market price trend of the assets, any technological, market or regulatory changes, market interest rate trends or trends in the cost of capital used to appraise investments.

Should the presence of such indicators be identified, the recoverable value of the aforesaid assets shall be estimated, and any depreciation compared to their book value shall be entered in the income statement. The recoverable value of an asset is represented by the greater of the following two amounts: its fair value, net of ancillary costs of sale, and the corresponding use value, meaning the current value of the estimated future cash flows for said asset. In calculating the use value, future cash flows are time discounted using a pre-tax discount rate that reflects current market values of the cost of money in relation to the investment period and the specific risks of the assets. In the case of an asset that does not generate separate cash flows, the recoverable value is calculated in relation to the Cash Generating Unit to which said asset belongs.

A loss in value is recorded in the income statement if the book value of the asset, or of the corresponding CGU to which the asset is allocated, is greater than its recoverable value. Reductions in the value of a CGU are imputed, firstly, to a reduction in the book value of any goodwill assigned to said CGU, and thus to the reduction in the value of the other assets, in proportion to their book value and within the limits of the corresponding recoverable value. If the grounds for a previous write-down no longer exist, then the book value of the asset is restored, and this is recorded in the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not been performed, and the corresponding amortization had been carried out.

Financial instruments

Receivables and loans

The receivables and loans included among both the current assets and the non-current assets are initially recorded at fair value and subsequently valued at amortized cost.

Cash and cash equivalents

Cash and cash equivalents are recorded at either book value or at amortized cost, depending on their nature. Cash and cash equivalents represent short-term, highly liquid financial assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, the original maturity of which, at the time they were acquired, is no more than 3 months.

Change in the value of financial assets

At each reporting date, tests are carried out to ascertain whether there is any objective evidence that the value of a financial asset or group of assets has declined. If objective evidence of such exists, the reduction in value is recorded in the separate income statement for financial assets valued at cost or amortized cost.

Financial liabilities

Financial liabilities include financial debts and other financial liabilities. In accordance with IFRS 9, they also include trade and other payables. Financial liabilities are initially recorded at fair value and are subsequently recorded at amortized cost.

Employee benefits

Provision for employee severance indemnities (TFR - Fondo per il Trattamento di Fine Rapporto)

the provision for severance indemnities due to employees under Article 2120 of the Italian Civil Code ("TFR"), falls within the so-called employee fixed benefit plans. In such plans, the amount of the benefit to be paid to the employee can only be quantified after termination of that employee's employment, and is linked to one or more factors, such as age, years of service and salary; thus the corresponding charge is determined by means of an actuarial calculation. The liability recorded in the financial statements for fixed benefit plans corresponds to the current value of the liability at the date of the financial statements. Liabilities for fixed benefit plans are calculated annually by an independent actuary, using the projected unit credit method. Actuarial gains and losses deriving from changes in the actuarial assumptions, are imputed to the statement of comprehensive income.
As of January 1, 2007, the 2007 Finance Act and the corresponding implementing decrees, have introduced important changes to the way TFR is regulated, including the employee's choice of use of his/her own TFR as it falls due. Specifically, the new flows of TFR may be directed by the employee toward selected forms of pension plan, or may be kept in the company. In the event that the employee decides to assign TFR to independent pension schemes, the company is only bound to make a contribution to the chosen pension fund, and starting from that date, the newly matured quotas shall take the form of fixed contribution plans not subject to actuarial assessment.

Benefit plans in the form of employee stock options

Employee stock option plans are recorded in accordance with IFRS 2 (Share-based payments). The value of the bonus shares, that are to be assigned to those employees participating in the stock option plan, is recorded in the separate income statement, with a net equity provision as an offsetting entry.

Provisions for Risks and Charges

The Company records provisions for risks and charges when, in the presence of a current liability, either legal or implied, to third parties as the result of a past event, it is probable that funds will have to be used to meet the liability, and a reliable estimate of the entity of the liability itself will be called for when possible.
When the financial effect of the passing of time is significant, the payment dates of the liabilities are reliably estimable, the allocation is determined by time-discounting the expected cash flows calculated bearing in mind the risks associated with the liability; the increase in the provision related to the passage of time is reported in the separate income statement under "Financial charges".

Treasury shares

Treasury shares are recognized as a deduction from equity. In particular, the treasury shares are reported as a deduction from the share capital issued in the amount corresponding to the "accounting par value", that is the ratio of total share capital and the number of issued shares, while the excess cost of acquisition over the accounting par value is presented as a deduction from "Other reserves and retained earnings (accumulated losses), including profit (loss) for the year".

Revenues

Revenues represent the gross flows of economic benefits for the financial period, deriving from ordinary operations. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes, are not economic benefits enjoyed by the Company, and do not result in an increase in net equity. For this reason they are not included in Revenues. Revenues are only recorded when it is likely that the Company will receive economic benefits, and the entity of such benefits can be reliably calculated; they are represented net of discounts, allowances and returns.
In those cases when the Company acts as agent, or when the risks and benefits of a transaction are essentially borne by a third party, the revenues are recorded net of the corresponding share collected on behalf of the third party.

Recognition of costs

Costs are recorded in the income statement on an accrual basis.

The rental installments relating to operating leasing agreements, or those leases where the lessor essentially bears all the risks and receives all the benefits associated with ownership of the property, are recorded in the separate income statement on a straight-line basis during the years of the leasing agreement's duration.

Financial income and expenses

Financial income and expenses are recognized on an accrual basis and include: interest accrued on the related financial assets and liabilities using the effective interest rate method.

Dividends

Dividends payable to third parties are reported as a change in equity in the year in which they are approved by the shareholders' meeting.

Taxes

Income taxes include the taxes calculated on the Company's taxable income. Deferred taxes are recorded according to the (balance sheet liability method). They are calculated on all temporary differences that emerge between the tax base of assets and liabilities, and the corresponding book values recorded in the individual financial statements. Deferred tax assets resulting from unused tax losses that may be carried over, are recorded insofar as future taxable income is foreseeable against which such losses may be recovered. Tax assets and liabilities are offset separately for current taxes and deferred taxes, when incomes taxes are levied by the same tax authority, and there is legal entitlement to offsetting. Deferred tax assets and liabilities are calculated by adopting the tax rates that are foreseen to be applicable in the financial years in which the temporary differences cancel each other out.
The other taxes unrelated to income are included under "Other operating expenses".

Use of accounting estimates

The preparation of the separate financial statements and related notes, in accordance with the IFRS, requires company management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs during the period. Actual results could thus differ, even significantly, from such estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most important accounting estimates, entailing a considerable use of subjective views and assumptions, are set out below.

Financial statement area	Accounting estimates
Reduction in value of goodwill	Verification of the reduction in value of goodwill is performed by comparing the book value of the cash generating units and their recoverable value; the later value is represented by the greater of fair value less sale costs, and the use value of the same unit. This complex evaluation process implies, among other things, the use of methods such as discounted cash flow with the related assumptions on the estimate of cash flows. The recoverable value depends significantly on the discount rate used in the time-discounted cash flows model, on the expected future cash flows, and on the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable value for the various cash-generating units, including a sensitivity analysis, are detailed in the Note "Goodwill”.
Impairment of tangible and intangible assets with finite useful lives and right-of-use assets	At the end of each reporting period, the company assesses whether there is any indication that an asset – whether tangible or intangible with finite useful lives or its right-of-use – may be impaired. To this end, both internal and external sources of information are taken into consideration. The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of each asset requires the Company's Management to make significant estimates and assumptions concerning the determination of the discount rate to be applied, the useful life and the residual value of the assets. These estimates can have a significant impact on the fair value of the assets and on the amount of any write-downs.
Lease liabilities and right-of-use assets	The value of the lease liability and the corresponding right of use is determined by calculating the present value of lease payments and is influenced by various estimates, including principally the estimate of lease term and the discount rate of the related payments. To this end, the management considers all facts and circumstances that create an economic incentive to exercise renewal options or not to exercise termination options. Periods covered by renewal or termination options are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated). The lease term is revalued if an option is actually exercised (or not exercised). The measurement of reasonable certainty is reviewed if a significant event or significant change in circumstances occurs, which affects this measurement, and which is under the control of the lessee. Lease liability is also estimated on a portfolio basis for leases of a similar nature and for which the result of applying the portfolio approach is expected to be very similar to a lease by lease approach. The use of these estimates is subject to potential future changes based on the actual evolution of some dynamics that may influence management estimates.
Capitalization / deferral of costs	The process of capitalization / deferral of internal and external costs is characterized by certain estimation / evaluation elements; in particular, the evaluation of: i) probability that the amount of capitalized costs will be recovered through the related future revenues; and ii) effective increase in future economic benefits inherent in the asset to which they refer.
Bad debt provision	Impairment on trade receivables and on the contract assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. For each customer segment, the estimate is principally made by calculating the average expected uncollectibility, based on historical and statistical indicators, possibly adjusted using forward-looking elements. For some categories of receivables characterized by specific risk elements, specific measurements are made on individual credit positions.
Amortization and depreciation	Changes in the economic conditions of the markets, technology and the competitive scenario could significantly affect the useful life of non-current tangible and intangible assets and may result in a difference in the timing of the amortization process and therefore in the amount of depreciation costs.
Appropriations, potential liabilities and employee provisions	As far as regards provisions related to the fund for recovery costs, the estimate of the future cost of dismantling the asset and restoring the Site, is a complex process requiring the evaluation of the liabilities deriving from dismantling and restoration obligations that are often not fully specified by law, administrative regulations or contractual clauses, and that in general are to be met over the course of several years. The accruals related to legal, arbitration and fiscal disputes as well as regulatory proceedings are the result of a complex estimation process based upon the probability of an unfavorable outcome. Allocations related to employee provisions, and in particular the provision for employee severance indemnities, are determined on the basis of actuarial assumptions changes in the aforesaid actuarial assumptions could have significant effects on these provisions.
Revenues	The recognition of revenues is influenced by estimates of the amount of discounts, rebates and returns to be reported as a direct adjustment to revenues, as well as the methods for defining individual product or service stand alone selling prices and for determining the duration of the contract when there are renewal options.

Income taxes (current and deferred)	Income taxes (current and deferred) are determined according to a prudent interpretation of the tax regulations in force. This process sometimes involves complex estimates in determining taxable income and temporary deductible and taxable differences between accounting and tax values. In particular, deferred tax assets are recognized insofar as future taxable income is foreseeable against which such losses may be recovered. The assessment of the recoverability of deferred tax assets, recognized in relation both to tax losses that may be used in subsequent years and to temporary deductible differences, takes into account the estimate of future taxable income and is based on prudent tax planning.

New Standards and Interpretations INCORPORATED BY THE EU AND IN EFFECT SINCE JANUARY 1, 2019

Pursuant to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRS in effect since January 1, 2019 are indicated and briefly described hereafter.

IFRS 16 (Leases)

On October 31, 2017, Regulation EU no. 2017/1986 was issued which implemented IFRS 16 (Leases) at the EU level. IFRS 16 replaces IAS 17 (Leases) and the corresponding interpretations (IFRIC 4 Determine whether an arrangement contains a lease; SIC 15 Operating Leases—Incentives; SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease).

For leases, the new standard provides, save for limited exceptions, that the right of use be recorded under intangible assets, against the financial liability which consists of the current value of future lease payments.

Upon first adoption, for leases previously classified pursuant to IAS 17 as operating leases, the company applied the simplified retrospective approach, recognizing the financial liability for leases and the corresponding value of the right of use measured on the basis of the remaining lease installments on the transition date.

Contracts that fall under the scope of application of IFRS 16 mainly involve lease liabilities of the sites housing the company's infrastructures.

The Company adopted the following options with respect to the options and exemptions afforded by IFRS 16:

- IFRS 16 is not generally applicable to intangible assets, short term contracts (i.e. those with a duration of less than 12 months) or if the unit value is low;
- the right of use and the financial liabilities that are relative to the leases are classified under specific items of the statement of financial position;
- leases with similar characteristics are measured using a single discount rate, suitably differentiated to take into account the residual term of each lease;
- Leases that had previously been measured as financial leases pursuant to IAS 17 will retain the previously recorded values.

Application of the new standard for Inwit from the lessor's perspective did not have an impact on the Company's financial statements.

Below is a reconciliation of the differences between the commitments existing at December 31, 2018 arising from operating leases (in application of IAS 17) and the lease liabilities recognized in the statement of financial position at January 1, 2019 (in application of IFRS 16):

Non-cancellable operating leases as at 12/31/2018 (nominal value)	(a)	***92,563***
Non-cancellable operating leases not subject to IFRS 16 (nominal value)	(b)	149
Non-cancellable operating leases subject to IFRS 16 (nominal value)	(c) = (a) - (b)	***92,414***
Non-cancellable leases - impact of discounting	(d)	3,375
Present value of non-cancellable operating leases	(e) = (c) - (d)	***89,039***
Lease payments due on the lease term (including effects of renewal options, where applicable) (present value)	(f)	596,423
Other lease liabilities at January 1, 2019	(g) = (e) + (f)	***685,462***

The effects of the application of IFRS 16 on the statement of financial position at January 1, 2019 are summarized in the following notes to these interim Financial Statements.

The impact on the income statement as at December 31, 2019 is summarized below:

(thousands of euros)	***12/31/2019***
EBITDA	***122,943***
Depreciation, gains/losses on disposal of rights of use/financial leasing	(112,192)
EBIT	***10,751***
Financial expenses	(19,506)
Profit (loss) before tax	***(8,755)***
Income taxes	1,614
Profit for the period	***(7,141)***

The impact on the statement of financial position as at December 31, 2019 is summarized below:

(thousands of euros)	***12/31/2019***
Right-of-use assets	665,821
Total non-current assets	***665,821***
Other current assets	(34,997)
Total current assets	***(34,997)***
Total assets	***630,824***

(thousands of euros)	***12/31/2019***
Equity	***(7,141)***
Finance lease liabilities	530,265
Deferred tax liabilities	(1,614)
Total non-current liabilities	***528,651***
Current finance lease liabilities	109,496
Miscellaneous payables and other current liabilities	(182)
Total current liabilities	***109,314***
Total liabilities	***630,824***

Amendments to IFRS 9 (Financial Instruments): items with prepayment and with negative compensation

On March 22, 2018, Regulation EU 2018/498 was issued, endorsing some limited amendments to IFRS 9 (Financial Instruments) at EU level.
The amendments allow the entity to measure financial assets that are "prepayable with negative compensation" (e.g. debt instruments where the borrower is allowed to repay early for an amount that may be less than the residual debt including interest due) at amortized cost or at fair value through other comprehensive income instead of at fair value through profit or loss.

IFRIC 23 – Uncertainty on the treatment of income taxes

IFRS 23 (Uncertainty over income tax treatments) was endorsed by the European Union on October 23, 2018 with Regulation (EU) 2018/1595. This interpretation governs how to deal with uncertainty in the accounting of income taxes. Indeed, IAS 12 Income Taxes specifies how to account for current and deferred tax assets and liabilities, but not how to represent the effects of uncertainty.
For example, there may be doubts:

- on how tax law applies to a particular transaction or circumstance, or
- whether the tax authorities will accept the treatment chosen/applied by the entity. If an entity concludes it is not probable that the taxation authority will accept the tax treatment, the entity must use estimates (most likely or expected value) to determine the tax treatment (taxable profits, tax base, unused tax losses, unused tax credits, tax rates, etc.). The decision must be based on the method that best enables the outcome of the uncertainty to be assessed.

Amendments to IAS 28 (Investments in Associates and Joint Ventures): long-term interests in associates and joint ventures

On February 8, 2019, Regulation EU 2019/237 was issued, endorsing some limited amendments to IAS 28 (Investments in Associates and Joint Ventures) at EU level.
IFRS 9 excludes investments in associates and joint ventures accounted for in accordance with IAS 28. Accordingly, an entity applies IFRS 9 to other financial instruments held in associates and joint ventures, including long-term interests (e.g. financial receivables) not subject to the equity but which, in substance, are part of the net investment in those associates and joint ventures.

Amendments to IAS 19 – Employee benefits: Plan amendment, curtailment or settlement

On March 13, 2019, Regulation EU 2019/402 was issued, endorsing some limited amendments to IAS 19 (Employee Benefits) at EU level. These changes relate to amendments, curtailments or settlements of defined benefit plans.
The amendments require an entity, in the event of plan amendment, curtailment or settlement, to use the actuarial assumptions of this remeasurement to determine the current service cost and net interest for the remaining reporting period after the plan amendment.

Improvements to the IFRS (2015–2017 cycle)

On March 14, 2019, Regulation EU 2019/412 was issued, endorsing some improvements to the IFRS for the 2015-2017 cycle at EU level. In particular these included:

- Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendments to IFRS 3 clarify that when an entity, which is already part of a joint operation, obtains control of that operation that constitutes a business, the entity shall remeasure its previously held interest in the joint operation. The amendments to IFRS 11 clarify that when an entity in a joint operation obtains joint control of that operation that constitutes a business, the entity does not remeasure the interests previously held in that joint operation.
- Amendments to IAS 12 Income taxes: the amendments clarify that an entity must recognize taxes on dividends in the separate income statement, or in other comprehensive income or equity, depending on how the transaction/event that resulted in the distributable profits that generated the dividends was accounted for.
- Amendments to IAS 23 Borrowing costs: the amendments clarify that if any specific financing remains outstanding after the associated asset is ready for its intended use or sale, that financing becomes part of the funds that an entity uses when calculating the capitalization rate on general financing.

The adoption of these amendments/interpretations, with the exception of the accounting standard IFRS 16, did not have any effect on the Financial Statements at December 31, 2019.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

At the date of these interim financial statements, the following Standards/Interpretations have been issued by the IASB but are still not applicable.

	Mandatory application starting from
New Standards/Interpretations not yet incorporated by the EU	
Amendments to IFRS 3 (Business Combinations)	1/1/2020
Amendments to IAS 1 and IAS 8 (Definition of Material)	1/1/2020
Amendments to the references to the "Conceptual Framework" in the IFRS	1/1/2020
Interest-rate benchmark reform: Amendments to IFRS 9 (Financial Instruments), IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments: disclosures)	1/1/2020

The potential impacts on the Company's financial statements from application of these new standards and interpretations are currently being assessed.

Note 3 - Financial risk management

During its everyday operations, the Company may be exposed to the following financial risks:

- market risk: deriving from exposure to the fluctuation of rates, linked to the financial assets generated and to the financial liabilities assumed;
- credit risk: representing the risk of non-fulfillment of obligations undertaken by the counterparty with regard to the Company's liquidity investments;
- liquidity risk: connected with the need to meet short-term financial commitments.

Market risk

The market risk consists in the possibility that changes of the interest and exchange rates or of the rating of the counterparts with which liquidity is utilized, could impact negatively on the value of the assets, liabilities, or expected cash flows.

Interest rate risk

At December 31, 2019, the Company's financial payables that accrue interest at a fixed rate correspond to:

- 20,040 thousand euros for the financial debt deriving from the loan agreement stipulated with Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A.;
- the financial debt from the TI Finance loan agreement of 70 million euros;
- the 40 million euros bank debt from the loan agreement with Banca Popolare di Sondrio.

The Company also signed a new EURIBOR with floor at zero indexed rate loan with MUFG for 30 million euros. The new loan signed in December 2019 is at a variable rate and will only begin to accrue interest after the first use (zero in 2019).

In view of the moderate fixed/variable mix and negative EURIBOR rates also over the medium term, the Company did not therefore consider it necessary to conclude derivative contracts aimed at mitigating the risk deriving from interest rate fluctuations.

Exchange rate risk

The Company operates exclusively in euros; therefore, it is not exposed to exchange rate risk.

Credit risk

The Company's exposure to credit risk consists of the potential losses that could derive from the failure of the counterparts, both commercial and financial, to fulfill the obligations undertaken. Such exposure mainly stems from general economic and financial factors, the potential occurrence of specific insolvency situations of some borrowers and other more strictly technical-commercial or administrative factors. The maximum theoretical exposure of the Company to credit risk is the book value of the financial assets and trade receivables recorded in the financial statements.

The Company's main customer is TIM, which, during the reference period of these interim financial statements, generated revenues of 302,515 thousand euros (equal to 76.5% of total revenues at December 31, 2019). The other customers of the Company are the leading national mobile operators with which the Company has entered into multi-year contracts to provide hosting services.

Therefore, the Company is exposed to the risk of concentration of revenues and to credit risk arising from the possibility that its commercial counterparts are not capable or able to meet their obligations. The possible default by one of its commercial counterparts could involve negative effects on the income, balance sheet, and financial situation of the Company. With regard to counterparty risk, formalized procedures to valuate and assess the reliability of commercial partners are adopted to manage the credit.

Liquidity risk

To meet its liquidity needs the company has available a revolving credit line of 40 million euros granted in May 2015 by Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A.. It is available until May 8, 2020 and can be used for working capital and to cover general cash requirements. At December 31, 2019, this credit line was completely unused and is therefore fully available to the company.

Assets and liabilities by category

For the purpose of providing information to allow a comparison between the book value and fair value of the financial instruments (required by IFRS 7), it is pointed out that the following assumptions were made to determine the fair value:

- for variable-rate loans: the nominal repayment amount has been assumed;
- for trade payables and receivables and for current financial assets and liabilities, it is believed that their book value is a reasonable approximation of their fair value.

The table below shows the assets and liabilities at December 31, 2019 on the basis of the categories contained in IFRS 9.

Carrying amount for each IFRS 9 class of financial asset/liability at December 31, 2019

(thousands of euros)		12/31/2019	Amounts recorded in the financial statements pursuant to IFRS 9			
			Amortized cost	*Cost*	*Fair value recognized in equity*	*Fair value recognized in the income statement*
ASSETS						
Non-current assets						
Non-current financial assets						
of which loans and receivables		235	*235*			
	(a)	***235***	***235***			
Current assets						
Trade and miscellaneous receivables and other current assets						
of which loans and receivables		72,532	*72,532*			
Financial receivables and other current financial assets						
of which loans and receivables		15,117	*15,117*			
Cash and cash equivalents		66,569	*66,569*			
	(b)	***154,218***	***154,218***			
Total	*(a+b)*	***154,453***	***154,453***			
LIABILITIES						
Non-current liabilities						
Non-current financial liabilities						
of which liabilities at amortized cost		670,404	*670,404*			
	(c)	***670,404***	***670,404***			
Current liabilities						
Current financial liabilities						
of which liabilities at amortized cost		123,661	*123,661*			
Trade and miscellaneous payables and other current liabilities						
of which liabilities at amortized cost		104,436	*104,436*			
	(d)	***228,097***	***228,097***			
Total	*(c+d)*	***898,501***	***898,501***			

NOTE 4 – Goodwill

At December 31, 2019, goodwill amounted to 1,411,770 thousand euros, unchanged compared to December 31, 2018.

(thousands of euros)	12/31/2017	Other changes	12/31/2018
Goodwill	1,411,770	-	1,411,770
Total	*1,411,770*	-	*1,411,770*

(thousands of euros)	12/31/2018	Other changes	12/31/2019
Goodwill	1,411,770	-	1,411,770
Total	*1,411,770*	-	*1,411,770*

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment at least annually or more frequently if specific events or circumstances arise leading to the presumption of such impairment.

For the purposes of the impairment test, goodwill is allocated to CGUs, or groups of CGUs, in accordance with the upper merger threshold, which may not exceed the business sector identified for the purposes of IFRS 8. Goodwill is allocated to the Integrated Management of the Sites, which is the main sector of activity in which the Company operates and is considered the minimum level at which goodwill is monitored for internal control purposes.
The impairment test consists of comparing the recoverable value of the Cash Generating Units - CGU to which the goodwill has been allocated, with the carrying amount of their operating assets including goodwill. The recoverable value is the greater of the following: the use value (current value of expected earnings) and the fair value less costs of disposal.

The configuration of the value used to determine the recoverable value is the fair value less costs of disposal and is based on the stock market capitalization of the Company, appropriately adjusted to determine the fair value of the CGU to which the goodwill is allocated. The impairment test conducted on December 31, 2019, failed to reveal any impairment loss, since the recoverable value of the CGU was much greater than its book value.

The difference between the fair value and the corresponding net book value at December 31, 2019, is as follows:

(millions of euros)	
Difference between use values and book values	+3,677

With regard to the results of the sensitivity analyses, the variation required in order to render the recoverable value equal to the book value, is -70.19% of the share's value, that is, € 2.602 per ordinary share.

NOTE 5 – Intangible assets with a finite useful life

These provisions fell by 29,524 thousand euros compared to December 31, 2018, and show the following composition and changes:

(thousands of euros)	12/31/2017	Additions	Disposals	Amortization and depreciation	Other changes	12/31/2018
Patent rights and utilization of intellectual property	1,258	502	-	(1,017)	913	1,656
Other intangible assets	17,610	8,720	-	(1,216)	4,207	29,321
Irrevocable rights of use	566	1,489	-	(63)		1,992
Intangible assets under development and advances	7,114	5,450	-	-	(4,964)	7,600
Total	***26,548***	***16,161***	***-***	***(2,296)***	***156***	***40,569***

(thousands of euros)	12/31/2018	Adoption of IFRS 16	Additions	Amortization and depreciation	Other changes	12/31/2019
Patent rights and utilization of intellectual property	1,656		-	(808)	-	848
Other intangible assets	29,321		-	-	(29,321)	-
Irrevocable rights of use	1,992	(1,992)	-	-	-	-
Intangible assets under development and advances	7,600		5,900	-	(3,303)	10,197
Total	***40,569***	***(1,992)***	***5,900***	***(808)***	***(32,624)***	***11,045***

Investments for the period came to a total of 5,900 thousand euros.

The other changes refer to the reclassification of the surface rights among the rights of use of third-party assets (note 7).

Note 6 – TANGIBLE ASSETS

Property, plant and equipment, owned

Compared to December 31, 2018, these have increased in value by 33,843 thousand euros, and show the following composition and changes:

(thousands of euros)	12/31/2017	Additions	Disposals	Amortization and depreciation	Other changes	12/31/2018
Land	18,880	5,948	-	-	1,431	26,259
Plant and equipment	172,030	13,551	(781)	(11,807)	14,270	187,263
Manufacturing and distribution equipment	21	-	-	(5)	-	16
Other goods	487	16	-	(143)	89	449
Construction in progress and advance payments	30,919	26,136	(81)	-	(16,069)	40,905
Total	***222,337***	***45,651***	***(862)***	***(11,955)***	***(279)***	***254,892***

(thousands of euros)	12/31/2018	Adoption of IFRS 16	Additions	Disposals	Amortization and depreciation	Other changes	12/31/2019
Land	26,259	-	2,825	-	-	973	30,057
Plant and equipment	187,263	-	18,778	(280)	(14,455)	18,178	209,484
Manufacturing and distribution equipment	16	-	-	-	(5)	-	11
Other goods	449	(315)	7	-	(43)	(1)	97
Construction in progress and advance payments	40,905	-	29,456	-	-	(21,275)	49,086
Total	***254,892***	***(315)***	***51,066***	***(280)***	***(14,503)***	***(2,125)***	***288,735***

Investments made in the reporting period, amounting to 51,066 thousand euros, mainly refer to the purchase of land for 2,825 thousand euros, to the development of new sites for 5,487 thousand euros, to the development of Small Cells for 10,838 thousand euros, and to the execution of Backhauling for 14,458 thousand euros.

During the period disposals of Sites amounted to 280 thousand euros.

The gross value and the accumulated depreciation at December 31, 2018 and at December 31, 2019, are detailed as follows:

(thousands of euros)	*Gross Value at 12/31/2018*	Accumulated impairment losses	Depreciation Provision	*Net Value at 12/31/2018*
Land	26,258	-	-	26,258
Plant and equipment	1,028,830	(562)	(841,004)	187,263
Manufacturing and distribution equipment	25	-	(9)	16
Other goods	761	-	(312)	449
Construction in progress and advance payments	40,905	-	-	40,905
Total	***1,096,779***	***(562)***	***(841,325)***	***254,892***

(thousands of euros)	*Gross Value at 12/31/2019*	Accumulated impairment losses	Depreciation Provision	*Net Value at 12/31/2019*
Land	30,057	-	-	30,057
Plant and equipment	1,063,855	(562)	(853,809)	209,484
Manufacturing and distribution equipment	25	-	(14)	11
Other goods	227	-	(130)	97
Construction in progress and advance payments	49,086	-	-	49,086
Total	***1,143,250***	(562)	(853,953)	***288,735***

The property, plant, and equipment are not subject to liens, mortgages, or other charges.

Note 7 - Right of use on third-party assets

Following adoption of IFRS 16, the breakdown of the item was as follows:

(thousands of euros)	*12/31/2018*	Adoption of IFRS 16	Additions	Lease increases	Lease decreases	Disposals	Amortization and depreciation	Other changes	*12/31/2019*
Land use rights		290,017	-	63,097	(30,157)	(5,209)	(40,413)	-	277,335
Rights of use on civil and industrial buildings	-	409,385	6,316	82,529	(26,209)	(7,077)	(73,505)	32,680	424,119
Rights of use on plant and equipment	-	3,600	1,535	298	-	(40)	(327)	144	5,210
Rights of use on other assets	325	-	-	82	-	-	(102)	-	305
Total	***325***	***703,002***	***7,851***	***146,006***	***(56,366)***	***(12,326)***	***(114,347)***	***32,824***	***706,969***

Investments made during the period, amounting to 7,851 thousand euros, mainly consisted of the purchase of surface use rights amounting to 6,316 thousand euros.

NOTE 8 – Financial liabilities (non-current and current)

The item is detailed in the following table:

(thousands of euros)		*12/31/2019*	*12/31/2018*
Financial receivables (medium/long-term):			
Multi-year loans to employees		235	218
Total non-current financial assets	*(a)*	***235***	***218***
Financial receivables (short-term):			
Multi-year loans to employees		90	83
Financial receivables from TIM group companies		15,009	8,001
Deferred charges		18	17
Total current financial assets	*(b)*	***15,117***	***8,101***
Total financial assets	*(a+b)*	***15,352***	***8,319***

Medium/long-term and short-term financial assets refer to the residual amount due on loans granted to employees.

Financial receivables from Group companies refer to term deposits with TI Finance (15,009 thousand euros) which, for a term of more than 3 months, did not form part of the Cash and Cash Equivalents described in Note 10.

Note 9 – Trade and miscellaneous receivables and other assets (Non current and current)

The item "Trade and miscellaneous receivables and other current and non-current assets" is detailed in the following table:

(thousands of euros)		12/31/2018	*of which IFRS 9 Financial Instruments*	Adoption of IFRS 16	Other changes during the period	12/31/2019	*of which financial instruments IFRS 9*
Miscellaneous receivables and other non-current assets							
Deferred charges		21,672	-	(14,617)	(123)	6,932	-
	(a)	***21,672***	-	***(14,617)***	***(123)***	***6,932***	-
Trade receivables							
Receivables from customers		28,219	*28,219*	-	6,912	35,131	*35,131*
Receivables from the Parent Company		21,265	*21,265*	-	16,136	37,401	*37,401*
	(b)	***49,484***	***49,484***	-	***23,048***	***72,532***	***72,532***
Miscellaneous receivables and other current assets							
Other receivables		1,064	-	-	763	1,827	-
Receivables and Deferrals from the Parent Company		3,540	-	-	1,228	4,768	-
Deferred charges		24,088	-	(15,233)	(4,870)	3,985	-
	(c)	***28,692***	-	***(15,233)***	***(2,879)***	***10,580***	-
Income tax receivables	*(d)*	***2***	-	-	***(1)***	***1***	-
Total	*(a+b+c+d)*	***99,850***	***49,484***	***(29,850)***	***20,045***	***90,045***	***72,532***

Receivables from customers relate to hosting services.

Receivables from Parent Company mainly refer to the recovery of costs for services provided.

Non-current and current deferred charges refer to costs pertaining to future periods. The long-term portion of these deferred charges is recorded as "Miscellaneous receivables and other non-current assets".

Receivables and Deferrals from the Parent Company mainly refer to Group VAT receivables and tax consolidation.

The book value of trade and miscellaneous receivables and other current and non-current assets is considered a reasonable approximation of their respective fair value.

Note 10 – CASH AND CASH EQUIVALENTS

At December 31, 2019, this item amounted to 66,569 thousand euros, and was composed as follows:

(thousands of euros)	*12/31/2019*	*12/31/2018*
Cash equivalents held at banks, post offices and TIM Group financial companies	65,165	101,158
Receivables from the Parent Company	1,401	2,964
Cheques and cash on hand	3	3
Total	***66,569***	***104,125***

At December 31, 2019, cash is held in bank and postal current accounts, and in bank and intercompany deposit accounts, with the following characteristics:

- maturities: investments can be converted into cash within three months in the case of bank deposit accounts, and at any time in the case of cash held in current accounts;
- counterparty risk: investments have been made with investment-grade leading banking institutions based on the Company's operating rules that limit credit exposure with financial counterparties and Group companies;
- Country risk: investments were made in Italy, Luxembourg and the UK.

NOTE 11 - Equity

At December 31, 2019, net equity amounted to 1,561,192 thousand euros, the breakdown of which is as follows:

(thousands of euros)	*12/31/2019*	*12/31/2018*
Share capital issued	600,000	600,000
Minus treasury shares	(222)	(222)
Share capital	***599,778***	***599,778***
Share premium reserve	***660,000***	***660,000***
Other reserves and earnings (losses) carried forward, including the result for the period	***119,195***	***119,068***
Legal reserve	*120,000*	*120,000*
Provision for instruments representing net equity	*533*	*266*
Treasury share reserve in excess of nominal value	*(1,215)*	*(1,215)*
Other reserves	*(123)*	*17*
Retained earnings (losses) including earnings (losses) for the period	***182,219***	***169,459***
Total	***1,561,192***	***1,548,305***

Movements of share capital during the period from January 1 to December 31, 2019, are shown in the following table:

Reconciliation between the number of shares in circulation at December 31, 2018, and the number of shares in circulation at December 31, 2019.

(number of shares)	At 12/31/2018	Issue of shares	At 12/31/2019	% of Capital
Ordinary shares issued	600,000,000	-	600,000,000	-
Minus: Treasury shares	(222,118)	-	(222,118)	-
Total Ordinary shares issued	*600,000,000*	-	*600,000,000*	100.0
Total shares in circulation	*599,777,882*	-	*599,777,882*	-

Reconciliation between the value of shares in circulation at December 31, 2018, and the value of shares in circulation at December 31, 2019

(thousands of euros)	Capital at 12/31/2018	Change in capital	Capital at 12/31/2019
Ordinary shares issued	600,000	-	600,000
Minus: Treasury shares	(222)	-	(222)
Ordinary shares outstanding	599,778	-	599,778
Total Capital issued	*600,000*	-	*600,000*
Total Capital in circulation	*599,778*	-	*599,778*

Benefit plans in the form of employee stock options

The Provision for instruments representing net equity of 533 thousand euros refers to:

- the general stock option plan (19 thousand euros) in existence within the TIM Group and subscribed to by a number of employees who transferred to Inwit;
- the 2014-2016 stock option plan (15 thousand euros) launched by the TIM Group and subscribed to by a number of employees who transferred to Inwit;
- The LTI plan (499 thousand euros) at December 31, 2019 is used for long-term retention and incentive purposes, as these apply to the managers and the personnel of the TIM Group.

Note 12 – Employee benefits

Compared to December 31, 2018, the item dropped in value by 756 thousand euros, and is characterized by the following composition and variation:

(thousands of euros)	*12/31/2017*	Increases/ Present Value	Decrease	*12/31/2018*
Provision for employee severance indemnities	1,921	150	(297)	1,774
Provision for incentivized redundancies	639	135	(1)	773
Total	***2,560***	***285***	***(298)***	***2,547***
Of which:				
Non-current amount	*2,388*			*2,223*
*Current amount **	*172*			*324*

** The current amount refers only to provisions for incentivized redundancies*

(thousands of euros)	*12/31/2018*	Increases/ Present Value	Decrease	*12/31/2019*
Provision for employee severance indemnities	1,774	316	(299)	1,791
Provision for incentivized redundancies	773	350	(1,123)	-
Total	***2,547***	***666***	***(1,422)***	***1,791***
Of which:				
Non-current amount	*2,223*			*1,791*
*Current amount **	*324*			*-*

** The current amount refers only to provisions for incentivized redundancies*

Compared to December 31, 2018, the Provision for Employee Severance Indemnities increased by 17 thousand euros.

The increase of 316 thousand euros in the column "Increases/Present value" is broken down as follows:

(thousands of euros)	*12/31/2019*	*12/31/2018*
Financial expenses	21	26
Net actuarial (gains) losses for the period	121	(58)
Transfers	174	182
Total	***316***	***150***

In accordance with IAS 19 (2011), the provision for employee severance indemnity has been calculated using the same actuarial method adopted prior to the introduction of the principle reviewed by means of the Projected Unit Credit Method, as follows:

- projections have been formulated, on the basis of a series of financial assumptions (increased cost of living, interest rates, pay increases, etc.) regarding possible future services that could be provided to each employee registered with the program, in the event of retirement, death, invalidity, resignation, etc.);
- the current average value of future services at the date of evaluation has been calculated, on the basis of the annual interest rate adopted and of the probability that each service be provided;
- the liability has been determined as equal to the current average value of future services, as generated by the existing provision at the date of evaluation, without taking account of any future allocation.

The assumptions made may be detailed as follows:

ECONOMIC ASSUMPTIONS

Inflation rate	1.20% per year
Time-discount rate	0.77% per year
Annual rate of increase in the Provision for employee severance indemnities	2.400% per year

DEMOGRAPHIC ASSUMPTIONS

Probability of death	RG 48 Mortality Tables published by the State Accounting Office
Probability of invalidity	INPS Tables subdivided by age and gender
Probability of resignation:	
up to the age of 40 – Executives	2.00%
up to the age of 40 – Non-Executives	1.00%
from the age of 41 to 50 - Executives	2.00%
from the age of 41 to 50 - Non-Executives	0.50%
from the age of 51 to 59 - Executives	1.00%
from the age of 51 to 59 - Non-Executives	0.50%
from the age of 60 to 64 - Executives	0.00%
from the age of 60 to 64 - Non-Executives	0.50%
Subsequently	0.00%
Probability of retirement	AGO requisites
Probability of receiving, at the start of the year, a 70% advance on the Provision for Employee Severance Indemnities	1.50% in each year

Application of the aforementioned assumptions resulted in a Provision for Employee Severance Indemnities liability of 1,791 thousand euros at December 31, 2019.

The sensitivity analysis for each actuarial assumption that is relevant for the determination of the end-of-period liability, is reported below; said analysis shows the effects, expressed in absolute terms, of the changes in the relevant actuarial assumptions, possible at that date.

The average financial duration of the liability is 12 years.

CHANGE IN THE ASSUMPTIONS	***Amounts*** (thousands of euros)
Turnover rate:	
+ 0.25 p.p.	(5)
- 0.25 p.p.	5
Annual inflation rate:	
+ 0.25 p.p.	37
- 0.25 p.p.	(36)
Annual time-discounting rate:	
+ 0.25 p.p.	(48)
- 0.25 p.p.	50

Note 13 – PROVISIONS FOR RISKS AND CHARGES

Compared to December 31, 2018, these have increased in value by 2,545 thousand euros, and show the following composition and changes:

(thousands of euros)	*12/31/2017*	Increase	Decrease	Other changes	*12/31/2018*
Provision for restoration costs	97,110	2,565	(1,076)	253	98,852
Provision for legal disputes and other risks	609	150	(50)	-	709
Total	*97,719*	*2,715*	*(1,026)*	*253*	*99,561*
Of which:					
Non-current amount	*97,269*				*99,111*
Current amount	*450*				*450*

(thousands of euros)	*12/31/2018*	Increase	Decrease	Other changes	*12/31/2019*
Provision for restoration costs	98,852	4,821	(517)	(1,650)	101,506
Provision for legal disputes and other risks	709	-	(109)	-	600
Total	*99,561*	*4,821*	*(626)*	*(1,650)*	*102,106*
Of which:					
Non-current amount	*99,111*				*101,656*
Current amount	*450*				*450*

The **Provision for restoration costs** increased due to both the allocation of costs for the dismantling of sites connected with the passage of time 2,103 thousand euros) and the allocation for building new sites 2,718 thousand euros).
The decrease in provision for restoration costs relates to the coverage of costs incurred in the period (517 thousand euros).
The other movements during the period refer to the adjustment of the provision on the basis of the forecast inflation and time-discounting rates (1,650 thousand euros).

Provision for legal disputes and other risks recorded a decrease relating to the use of 109 thousand euros.

NOTE 14 – Financial liabilities (non-current and current)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(thousands of euros)		*12/31/2018*	Adoption of IFRS 16	Other changes during the period	*12/31/2019*
Financial payables (medium/long-term):					
Amounts due to banks		59,972	-	9,971	69,943
Finance lease liabilities		237	583,029	(52,805)	530,461
Other financial payables		70,000	-	-	70,000
Total non-current financial liabilities	*(a)*	***130,209***	***583,029***	***(42,834)***	***670,404***
Financial payables (short-term):					
Amounts due to banks		40,141	-	(26,214)	13,927
Finance lease liabilities		84	102,433	7,083	109,600
Other financial payables		134	-	-	134
Total current financial liabilities	*(b)*	***40,359***	***102,433***	***(19,131)***	***123,661***
Total Financial liabilities (Gross financial debt)	*(a+b)*	***170,568***	***685,462***	***(61,965)***	***794,065***

Financial payables (medium/long-term):

- *Payables to banks* refer to the following loan contracts, net of issue discounts (69,943 thousand euros), which were entered into respectively in:
  - November 2018 with Banca Popolare di Sondrio for 40,000 thousand euros with bullet repayment at maturity in December 2023;
  - May 2019 with MUFG for 30,000 thousand euros, bullet repayment at maturity on May 31, 2024.
- *Finance lease liabilities* refer to leases accounted for pursuant to IFRS 16, which has come into force on January 1, 2019;
- *Other financial payables* refer to the intercompany loan granted by TI Finance SA, the finance company of the TIM Group, for a total of 70,000 thousand euros with bullet repayment at maturity in December 2022.

Financial payables (short-term):

- *Payables to banks* equal to 13,927 euros refer to:
  - the syndicated loan agreement signed in May 2015 for 120,000 thousand euros with Mediobanca - Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A., with repayment starting from November 2017 and maturity in May 2020; the total amount is 20,040 thousand euros; the changes in the period refer to accrued interest and to the valuation according to the international accounting standards;
  - accruals and deferrals of Fees paid in December 2019 for the signing of the loan agreement, for a maximum amount of 3,000,000 thousand euros, with a pool of banks.
- *Other financial payables* mainly refer to the interest accrued on the intercompany loan.

It should also be noted that, on December 19, 2019, the Company signed a loan with a pool of national and international banks for a total amount of 3,000,000 thousand euros broken down as follows:

- Term Loan of 1,000,000 thousand euros with a 5 year term
- Bridge Loan of 1,500,000 thousand euros with a 24 month term
- Revolving Credit Facility of 500,000 thousand euros with a 5 year term

This agreement was signed to finance the acquisition of Vodafone Towers and consequent activities.

The maturities of financial liabilities according to the expected nominal repayment amount, as defined by contract, are the following:

(millions of euros)		Within 1 year	From 2 to 5 years	Beyond	*Total*
Amounts due to banks		20	70	-	90
Financial payables to group companies		-	70	-	70
Total loans and other financial liabilities	*(a)*	***20***	***140***	***-***	***160***
Finance lease liabilities		105	323	207	635
Total finance lease liabilities	*(b)*	***105***	***323***	***207***	***635***
Total Financial liabilities	*(a+b)*	***125***	***463***	***207***	***795***

Covenants, negative pledges and other contract clauses in effect at December 31, 2019

The banking loan agreements include some general pledges and covenants, both positive and negative, in line with market practice for loans of similar amounts and nature.
The banking loan agreement and the intercompany loan both contain a cross-default clause on the Company's debt, but not a cross-default clause linked to TIM Group companies and an exchange control clause.
Furthermore, in the banking loan agreement, there is clause relating to the termination of the main MSA agreement; these events entitle the lenders to ask the Company for compulsory early repayment.
The loan agreement signed in December 2019, for an amount of 3,000,000 thousand euros, contains some general commitments and covenants in line with market practice and legal standards prepared by the Loan Market Association which grant lending Banks the right to cancel commitments undertaken and/or request early repayment of the sums used by the Company.

Note 15 – Net financial debt

The table below shows the Company's net financial debt at December 31, 2019, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004.
The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euros)	12/31/2019 (*)	12/31/2018
A Cash		
B Cash and cash equivalents	66,569	104,125
C Securities held for trading	-	10,036
D Liquidity (A + B + C)	***66,569***	***114,161***
E Current financial receivables	15,117	8,101
F Current financial payables	-	-
G Current portion of financial payables (medium/long-term)	(123,661)	(40,359)
H Other current financial payables		
I Current financial debt (F+G+H)	***(123,661)***	***(40,359)***
J Net current financial debt (I+D+E)	***(41,975)***	***81,903***
K Medium/long term financial payables	(670,404)	(130,209)
L Bonds issued	-	-
M Other non-current financial payables	-	-
N Non-Current financial debt (K+L+M)	***(670,404)***	***(130,209)***
O Net financial debt as recommended by ESMA (J+N)	***(712,379)***	***(48,306)***
Other financial receivables and other non-current financial assets (**)	235	218
INWIT Net financial debt	***(712,144)***	***(48,088)***

(*) As regards the effects of related party transactions on Net Financial Debt, reference should be made to the specific table included in the Note "Related Parties".

(**) This item refers to loans granted to certain employees of the company at December 31, 2019.

Note 16 - Trade and miscellaneous payables and other (non-current and current) liabilities

The item was composed as follows at December 31, 2019:

(thousands of euros)		12/31/2018	of which IFRS 9 Financial Instruments	Other changes during the period	12/31/2019	of which IFRS 9 Financial Instruments
Miscellaneous payables and other non-current liabilities						
Payables and Deferred Income to the Parent Company		5,742	-	2,464	8,206	-
Payables to social security agencies		224	-	204	428	-
Deferred income		1,038	-	(56)	982	-
	(a)	***7,004***	-	***2,612***	***9,616***	-
Trade payables						
Payables to suppliers		44,031	*44,031*	30,367	74,398	*74,938*
Payables to the Parent Company		43,350	*43,350*	(13,312)	30,038	*30,038*
	(b)	***87,381***	***87,381***	***17,055***	***104,436***	***104,436***
Miscellaneous payables and other current liabilities						
Payables and Deferred Income to the Parent Company		6,172	-	948	7,120	-
Deferred income		7,237	-	575	7,812	-
Payables to social security agencies		652	-	(121)	531	-
Tax payables		585	-	73	658	-
Other current liabilities		1,761	-	535	2,296	-
	(c)	***16,407***	-	***2,010***	***18,417***	-
Income tax payables		795	-	6	801	-
	(d)	***795***	-	***6***	***801***	-
Total	*(a+b+c+d)*	***111,587***	***87,381***	***21,683***	***133,270***	***104,436***

Payables to suppliers refer mainly to the supply of electrical power and rents due.

Payables to the Parent Company totaled 45,364 thousand euros and refer mainly to commercial transactions (30,038 thousand euros) for ordinary and extraordinary maintenance, service contracts and the construction of new sites, as well as sundry transactions divided between the current portion (7,120 thousand euros) which refers mainly to the short-term portion of the tax consolidation and the non-current portion (8,206 thousand euros) which refers mainly to the tax consolidation.

Tax payables mainly refer to regional and municipal surtaxes and to registration fees.

Other current and non-current liabilities mainly refer to payables to social security institutions under Article 4 of the Fornero Law.

The book value of trade and miscellaneous payables and other current liabilities is considered a reasonable approximation of their respective fair value.

Note 17 - Revenues

Revenues amounted to 395,396 thousand euros, broken down as follows:

(thousands of euros)	Financial Year 2019	Financial Year 2018
Revenues		
Revenues from TIM	302,515	288,853
Revenues from third parties	92,881	89,619
Total	***395,396***	***378,472***

The item includes the revenues attributable to the period and relate to services provided in the course of ordinary business.

Revenues from TIM amounted to 302,515 thousand euros, or 76.5% of total revenues for the period and refer mainly to the so-called “Integrated service” regulated by the Master Service Agreement, which includes making available on the Sites: (i) physical spaces where TIM equipment can be installed; (ii) power supply systems that can ensure the correct power supply of the TIM equipment; air conditioning systems must also be able to guarantee comfortable working conditions to the personnel engaged in the Site; (iii) monitoring and security services of the areas and of power and air conditioning systems and (iv) management and maintenance services.

The item **Revenues from third parties**, amounting to 92,881 thousand euros, refers essentially to hosting services offered by the Company to Italian mobile operators. Relationships with these operators are regulated by long-term commercial agreements.

Note 18 – Acquisition of goods and services

The item amounted to 32,430 thousand euros and breaks down as follows:

(thousands of euros)		Financial Year 2019	Financial Year 2018
Purchases of materials and goods for resale	***(a)***	***528***	***211***
Costs for services			
Maintenance		4,791	5,615
Professional services		5,279	3,034
Other service expenses		15,765	10,697
	(b)	***25,835***	***19,346***
Lease and rental costs			
Lease and rental costs		129,010	131,507
Application of IFRS 16		*(122,943)*	-
	(c)	***6,067***	***131,507***
Total	***(a+b+c)***	***32,430***	***151,064***

The decrease in costs for **Acquisition of goods and services** mainly reflects the application of IFRS 16.

Note 19 – EMPLOYEE COSTS

Revenues amounted to 11,147 thousand euros, broken down as follows:

(thousands of euros)		Financial Year 2019	Financial Year 2018
Ordinary personnel expenses			
Salaries		7,317	6,215
Social security charges		2,614	2,225
Other employee costs		399	347
	(a)	***10,330***	***8,787***
Miscellaneous employee costs and sundry labor services			
Fees paid to external personnel		68	307
Costs for assigning stock option		141	141
Other expenses		(20)	-
	(b)	***189***	***448***
Total ordinary expenses	*(a+b)*	***10,519***	***9,235***
Restructuring and rationalization expenses			
Expenses for incentized redundancies		628	165
	(c)	***628***	***165***
Total	*(a+b+c)*	***11,147***	***9,400***

The average number of employees during the period was 117.7. They can be subdivided into their respective categories, as follows:

(numbers)	2019	2018
Executives	11.1	9.1
Middle Managers	31.2	26.5
Administrative staff	75.4	67.7
Total	***117.7***	***103.3***

There were 122 employees at December 31, 2019. They can be subdivided into their respective categories, as follows:

(numbers)	2019	2018
Executives	10	13
Middle Managers	33	27
Administrative staff	79	77
Total	***122***	***117***

Note 20 – OTHER OPERATING EXPENSES

Revenues amounted to 2,043 thousand euros, broken down as follows:

(thousands of euros)	*Financial Year 2019*	*Financial Year 2018*
Other operating expenses		
Expenses related to credit management	-	495
Provisions for risks and charges	-	150
Costs and provisions for indirect duties and taxes	1596	1,515
Membership fees, donations, study grants and work experience contributions	86	80
Other Expenses	361	328
Total	***2,043***	***2,568***

Note 21 - Amortization, gains/losses on disposals and impairment losses on non-current assets

Amortization, gains/losses on disposals and impairment losses on non-current assets amounted to 130,024 thousand euros, and are composed as follows:

(thousands of euros)		*Financial Year 2019*	*Financial Year 2018*
Amortization of intangible assets with a finite useful life	***(a)***	***808***	***2,296***
Depreciation of owned tangible assets	***(b)***	***14,503***	***11,955***
Amortization of rights of use on third-party assets	***(c)***	***114,347***	***77***
(Gains)/losses on disposals and impairment losses on non-current assets	***(d)***	***366***	***862***
Total	***(a+b+c+d)***	***130,024***	***15,190***

The increase in the item **Amortization of rights of use on third-party assets** reflects the application of IFRS 16.

The item capital /gains)/losses from disposal and write-down of non-current assets included capital losses from disposal of non-current assets resulting from decommissioning of sites amounting to 366 thousand euros.

Note 22 – FINANCIAL INCOME AND EXPENSES

Financial income

Financial Income amounted to 449 thousand euros and mainly refers to the positive change in the IFRS 9 impairment of 268 thousand euros and the interest and capital gains realized on the sale of portfolio securities of 181 thousand euros.

Financial expenses

Financial expenses amounted to 24,621 thousand euros and break down as follows:

(thousands of euros)	*Financial Year 2019*	*Financial Year 2018*
Interest expenses and other financial expenses		
Interest to banks	1,059	1,097
Interest expense for finance leases	19,508	-
Financial fees	1,220	226
Other financial expenses	2,834	2,823
Total	***24,621***	***4,146***

Interest expense with banks refers to the financial charges paid during the period for the syndicated loan agreement and the medium/long-term financial payables described in Note 14 - Financial liabilities (non-current and current).

Financial fees refer to the cost of required guarantees and to fees for undrawn credit facilities with respect to the syndicated loan and the fees for signing a loan agreement with a pool of banks for the financing of:

- the Company's acquisition of the minority shareholding in VOD Towers;
- the distribution of an extraordinary dividend, as well as to refinance part of the Company's existing debt and finance its cash needs.

The *Other financial expenses* chiefly refer to the adjustment of the provision for restoration charges (2,137 thousand euros) and loans with TIM Group companies (604 thousand euros).

Note 23 – INCOME TAXES

Deferred tax assets and deferred tax provision

Deferred tax assets recorded in the financial statements amounted to 1,939 thousand euros and refer to allocations related to items whose deductibility will occur in future periods.

The expiry date of the deferred tax assets at December 31, 2019, is more than 12 months later.

At December 31, 2019, the Company has no equity reserves the taxation of which has been suspended, subject to taxation in the event of distribution.

Income taxes

Income taxes amount to 56,267 thousand euros and are composed as follows.

(thousands of euros)	*Financial Year 2019*	*Financial Year 2018*
Regional Business Tax (IRAP) for the period	9,842	9,022
Corporate Income Tax (IRES) for the period	41,612	43,341
Tax consolidation expenses	4,089	3,002
Total current taxes	***55,543***	***55,365***
Deferred taxes for the period	771	102
Adjustment of taxation for previous financial years	(48)	57
Total income taxes	***56,267***	***55,524***

The fiscal burden for the period has been estimated on the basis of a Corporate Income Tax rate of 24% and a Regional Business Tax rate of 4.50%.

The reconciliation of the theoretical tax charge, calculated using a Corporate Income Tax rate of 24%, with the actual tax charge resulting from the financial statements, is as follows:

(thousands of euros)	*Financial Year 2019*	*Financial Year 2018*
Profit (loss) before tax	***195,581***	***196,285***
Theoretical income taxes	***46,939***	***47,108***
Tax effect of increases (reductions):	(1,419)	(881)
Non-deductible costs	181	116
Actual taxes recorded in the income statement, excluding Regional Business Tax	***45,701***	***46,343***
Current and deferred Regional Business Tax	9,842	9,022
Total actual taxes recorded in the income statement	***55,543***	***55,365***

In order to better understand the reconciliation in question, the impact of Regional Business Tax has been kept separate, in order to avoid any distortion, given that this tax is calculated on a different tax base from the pre-tax result.

Note 24 – EARNINGS PER SHARE

The following table shows the calculation of earnings per share.

		Financial Year 2019	*Financial Year 2018*
Basic and diluted earnings per share			
Profit for the period	(euros)	139,313,769	140,760,895
Average number of ordinary shares		599,777,882	599,966,889
Basic and diluted earnings per share	(euros)	0.232	0.235

NOTE 25 – Contingent liabilities, commitments and guarantees

Main disputes and pending legal actions

As of December 31, 2019, the Company was involved in about sixty disputes, four of which have a "probable" loss risk, according to the defense lawyers.
In relation to the progress of the aforementioned legal proceedings and based on the information available at the time of closing these Financial Statements, a total amount of 150 thousand euros has been allocated to the risk provision.

Commitments and guarantees

With regard to guarantees issued by banks or insurance companies to owners of the land where the infrastructure is located, INWIT has undertaken to reimburse all sums that for any reason whatsoever the bank or the insurance company were to bear due to failure to comply with contractual obligations, the Company waiving any objection or opposition, including any legal action.

Note 26 - Related parties

The Group identified the following related parties, in accordance with the criteria defined by IAS 24 – (*Financial statements disclosures concerning related party transactions*).

- TIM;
- INWIT and TIM'S executive managers with strategic responsibilities; and
- other companies controlled by TIM and/or in which TIM has an interest, including through members of its senior management.

The tables summarizing the balances of related party transactions in absolute amounts and as a percentage of the corresponding values of the separate income statement, of financial position and cash flow statement are shown below. Related party transactions, when not dictated by specific laws, were conducted at arm's length. The transactions were subject to an internal procedure (available for consultation on the website www.inwit.it), which establishes procedures and time scales for verification and monitoring.

Although said agreements were settled at normal market conditions, there is no guarantee that, if they had been entered into by or with third parties, the latter would have negotiated and concluded them at the same conditions and by the same methods.

Items of the statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at December 31, 2019 and December 31, 2018 are shown below:

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 12/31/2018

(thousands of euros)	*Total* (a)	Related Parties Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statements item (b)/(a)*
NET FINANCIAL DEBT						
Cash and cash equivalents	*104,125*	2,964	-	10,001	12,965	*12.5%*
Financial receivables (short-term)	*8,101*	-	-	8,001	8,001	*98.7%*
Non-current financial liabilities	*(130,209)*	-	-	(70,000)	(70,000)	*53.7%*
Current financial liabilities	*(40,359)*	-	-	(134)	(134)	*0.3%*
Total net financial debt	***(48,088)***	***2,964***	***-***	***(52,132)***	***(49,168)***	***102.2%***
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS						
Miscellaneous trade receivables and other current assets	*78,176*	24,805	-	111	24,916	*31.9%*
Miscellaneous payables and other non-current liabilities	*(7,004)*	(5,742)	-	-	(5,742)	*82.0%*
Miscellaneous trade payables and other current liabilities	*(103,788)*	(49,522)	(638)	(15,190)	(65,350)	*63.0%*

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 12/31/2019

(thousands of euros)	*Total* (a)	Related Parties Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statements item (b)/(a)*
NET FINANCIAL DEBT						
Cash and cash equivalents	*66,569*	1,401	-	-	1,401	*2.1%*
Financial receivables (short-term)	*15,117*	-	-	15,009	15,009	*99.3%*
Non-current financial liabilities	*(670,404)*	(47,913)	-	(70,009)	(117,922)	*17.6%*
Current financial liabilities	*(123,661)*	(20,814)		(135)	(20,949)	*16.9%*
Total net financial debt	***(712,144)***	***(67,326)***	***-***	***(55,135)***	***(122,461)***	***17.2%***
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS						
Miscellaneous trade receivables and other current assets	*83,111*	42,169	-	-	42,169	*50.7%*
Miscellaneous payables and other non-current liabilities	*(9,616)*	(8,206)	-	-	(8,206)	*85.3%*
Miscellaneous trade payables and other current liabilities	*(123,302)*	(37,158)	(924)	(41,954)	(80,036)	*64.9%*

In the item net financial debt, the available liquidity consists of the intra-group current account (1,401 thousand euros) held with the Parent Company.

Medium/long-term and short-term financial payables to the Parent Company refer to the adoption of IFRS 16, while those to other related parties, refer to the loan granted by TI Finance SA (70,000 thousand euros).

Short-term financial receivables refer to a deposit with TI Finance SA (15,009 thousand euros) with maturity of more than three months.

Receivables from the Parent Company (42,169 thousand euros) mainly include the assessments relating to the recouping of electrical energy costs.

Payables to the Parent Company (45,364 thousand euros) consist of trade payables (30,038 thousand euros), non-current miscellaneous payables and other liabilities (8,206 thousand euros) and current miscellaneous payables and other liabilities (7,120 thousand euros). Trade payables mainly refer to service contracts, site restoration and routine and extraordinary maintenance carried out on sites and other services. Other non-current and current payables mainly relate to the tax consolidation.

Payables to Senior Management (amounting to 924 thousand euros) refer to amounts payable to key management personnel of the Company.

Payables to other related parties (41,954 thousand euros) mainly consist of trade payables to Telenergia S.r.l. for electricity.

Items of the income statement

The effects of the transactions with related parties on the items of the income statement at December 31, 2019, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE INCOME STATEMENT AT 12/31/2018

(thousands of euros)	*Total* (a)	Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Revenues	*378,472*	288,853	-	894	289,747	*76.6%*
Acquisition of goods and services	*(151,064)*	(29,204)	-	(136)	(29,340)	*19.4%*
Employee benefits expenses - Ordinary expenses	*(9,235)*	(47)	(1,361)	-	(1,408)	*15.2%*
Financial income	181	-	-	2	2	1.1%
Financial expenses	*(4,146)*	-	-	(358)	(358)	*8.6%*

ITEMS OF THE INCOME STATEMENT AT 12/31/2019

(thousands of euros)	*Total* (a)	Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Revenues	*395,396*	302,515	-	-	302,515	*76.5%*
Acquisition of goods and services - Ordinary charges	*(27,178)*	(7,090)	-	(95)	(7,185)	*26.4%*
Employee benefits expenses - Ordinary expenses	*(10,573)*	(55)	(1,364)	-	(1,419)	13.4%
Financial income	*449*	-	-	15	15	*3.3%*
Financial expenses	*(24,621)*	(1,408)	-	(604)	(2,012)	*8.2%*

Revenues from the Parent Company (302,515 thousand euros) refer mainly to rental revenues ensuing from the Master Service Agreement.

Purchases of materials and services from the Parent Company (7,090 thousand euros) mainly refer to maintenance services (3,749 thousand euros), outsourced services (656 thousand euros), telephone costs (483 thousand euros) and other service costs (2,202 thousand euros). Purchases of materials and services from other related parties (95 thousand euros) mainly refer to outsourced services from H.R. Services and to maintenance services from Olivetti.

Employee benefits expense for senior management (1,364 thousand euros) refer to compensation due to Company key managers.

Financial income related to other related parties (15 thousand euros) refers to interest income on financial receivables from TI Finance SA.

Financial expenses to the Parent Company (1,408 thousand euros) refer to interest expense on finance leases. Financial expenses related to other related parties (604 thousand euros) refers to interest expense on financial payables to TI Finance SA.

Items of the Statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at December 31, 2019, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 12/31/2018

(thousands of euros)	*Total* (a)	Related Parties Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Operating activities:						
Change in trade receivables	(8,223)	(6,315)	-	30	(6,285)	*76.4%*
Change in trade payables	6,786	1,521	-	638	2,159	*31.8%*
Net change in miscellaneous receivables/payables and other assets/liabilities	4,195	1,172	283	(4)	1,451	*34.6%*

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 12/31/2019

(thousands of euros)	*Total* (a)	Related Parties Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Operating activities:						
Change in trade receivables	*(23,048)*	(16,136)	-	-	(16,136)	*70.0%*
Change in trade payables	*20,140*	(3,038)	-	26,626	23,588	*117.1%*
Net change in miscellaneous receivables/payables and other assets/liabilities	*20,546*	(556)	286	-	(270)	*-1.3%*

The table shows a significant change in the first nine months of 2019 relating to the increase in sundry payables to Other related parties mainly due to the increase in the trade payable to Telenergia s.r.l.

Remuneration of key managers

The remuneration recorded on an accrual basis in respect of key managers amounted to 1,364 thousand euros.

The short-term compensation is paid during the financial year to which it refers and, in any case, within the six months following the end of the financial year (the entitlements related to the 2019 MBO will be paid during the second quarter of 2020)

The contributions paid in to defined contribution plans (Assida, Fontedir) on behalf of key managers, amounted to 37 thousand euros.

The Company's "key managers", that is, those who have the power and responsibility to plan, manage, and control, directly or indirectly, the Company's activities, including the directors, are identified as follows:

INWIT SPA	
Directors:	
Giovanni Ferigo	CEO
Managers:	
Andrea Balzarini	Head of Administration, Finance and Control & Business Support
Elisa Patrizi	Head of Technology & Operations
Gabriele Abbagnara	Head of Marketing & Sales, appointed as key manager by the Board of Directors on 02/18/2019

Note 27 – SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT's economic, financial and equity results of non-recurring events and operations at December 31, 2019. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

(thousands of euros)		Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Carrying value	***(a)***	***1,561,192***	***139,313***	***(712,144)***	***(37,556)***
Charges associated with extraordinary transactions		(3,755)	(3,755)	-	(3,016)
Charges related to restructuring and rationalization processes		(410)	(410)	-	(449)
Total effects	***(b)***	***(4,166)***	***(4,166)***	***-***	***(3,465)***
Figurative value	***(a-b)***	***1,557,026***	***135,147***	***(705,224)***	***34,091***

(*) The cash flows relate to the increase (decrease) in the period of cash and cash equivalents.

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euros)	***Financial Year 2019***	***Financial Year 2018***
Charges associated with extraordinary transactions	(5,252)	-
Charges related to restructuring and rationalization processes	(574)	(165)
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	***(5,826)***	***(165)***
Impact on Operating profit (loss) (EBIT)	***(5,826)***	***(165)***
Impact on Profit (loss) before tax	***(5,826)***	***(165)***
Income taxes on non-recurring items	1,660	47
Impact on the Profit (Loss) of the Period	***(4,166)***	***(118)***

Note 28 – POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with Consob Communication DEM/6064293 of July 28, 2006, during the first quarter, no atypical and/or unusual transactions occurred as defined by the Communication.

Note 29 – EVENTS SUBSEQUENT TO DECEMBER 31, 2019

The Board of Directors, held on February 6, 2020, convened the Shareholders' Meeting on March 20, 2020 to resolve the appointment of the new Board of Directors, which will take office on the effective merger date described in the Management Report.

On March 6, 2020, the Commission authorized the operation pursuant to the Merger Regulation, subject to compliance with the given commitments. Please refer to the press release of March 6, 2020 on the *www.inwit.it* website and that of the European Competition Commission.

Note 30 – INFORMATION NOTE ON DIRECTION AND COORDINATION ACTIVITY

In accordance with Article 2497 et seq. of the Italian Civil Code regarding transparency in the management and coordination of the Company, it is noted that such activities are carried out by TIM S.p.A. In exercising such activity:

- TIM S.p.A. did not in any way adversely affect the interests of the Company.
- Complete transparency was assured with respect to inter-company transactions, such as to enable all those who have an interest to verify the observance of the above principle.
- Transactions with TIM S.p.A., and with its related parties, were carried out with a view to improving efficiency and in line with market practices.

Also in accordance with Article 2497 bis of the Italian Civil Code, a summary is provided of the key items contained in the financial statements at December 31, 2018 of TIM S.p.A., the company responsible for management and coordination.

TIM S.p.A. prepares the consolidated financial statements.

Statement of Financial Position

(millions of euros)	*12/31/2018*
Intangible assets	30,680
Tangible assets	12,476
Other non-current assets	12,049
Total Non-current assets	***55,205***
Current assets	***5,956***
Discontinued operations/Non-current assets held for sale	***-***
Total assets	***61,161***
Equity	***18,138***
Share capital	*11,656*
Share premium reserve	*2,094*
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	*4,388*
Non-current financial liabilities	24,777
Employee benefits	1,503
Deferred tax liabilities	3
Provisions	579
Miscellaneous payables and other non-current liabilities	3,006
Total Non-current liabilities	***29,868***
Current liabilities	***13,155***
Total liabilities	***43,023***
Total Equity and Liabilities	***61,161***

Income statement

(millions of euros)	*Financial Year 2018*
Revenues	13,902
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	***5,608***
Operating profit (loss) (EBIT)	***(241)***
Income (expenses) from investments	71
Financial income	1,177
Financial expenses	(2,427)
Profit (loss) before tax from continuing operations	***(1,420)***
Income taxes	(434)
Profit (loss) from continuing operations	***(1,854)***
Profit (loss) from discontinued operations/Non-current assets held for sale	0
Profit (loss) for the year	***(1,854)***

The highlights of the Parent Company, reported in the summary statement pursuant to Article 2497-bis of the Civil Code, have been taken from the Separate Financial Statements for the year ended December 31, 2018. For an adequate, full understanding of the trend of operations and financial situation of TIM S.p.A. at December 31, 2018, and of the Company's net result in the financial year to that date, see the financial statements which, together with the report by the independent auditors, is available as provided for by law.

The information shown is available in full and original form by logging on to the TIM Group website: www.telecomitalia.com.

Note 31 – FURTHER INFORMATION

Operating leases

In accordance with accounting standards, and in particular on the basis of IAS 17, the Company considers as non-voidable those operating lease agreements that may only be voided upon occurrence of certain remote contingencies, with the lessor's agreement, or following the lessor's payment of a further sum (penalty) such that the continuation of the agreement is reasonably certain from the very beginning.
The following are the amounts of non-voidable lease payments relating to active leases:

(millions of euros)	*At 12/31/2019*
Within 1 year	368
From 2 to 5 years	855
Beyond	78
Total	*1,301*

Public funds

Italian Law 124/2017 requires that information on subsidies, contributions, paid assignments and economic benefits of any kind received from Italian public administrations be provided. In relation to this, it should be noted that during 2019, INWIT did not receive any form of subsidy, contribution, paid assignment or other economic benefit from Italian public administrations. It should also be noted that revenues generated by services provided to subjects belonging to public administrations as part of the company's core business and regulated by contracts for reciprocal services are not considered relevant for the purposes of the disclosure obligations established by law no. 124/2017.

Directors and statutory auditors' fees

The fees payable to the Company's Statutory Auditors and Directors at December 31, 2019, for the performance of their corresponding duties, amount to 170 thousand euros and 1,085 thousand euros, respectively.

Summary of fees due to the Independent Auditors and to other entities belonging to the Independent Auditors' network

The table below shows the total fees payable to PricewaterhouseCoopers S.p.A. ("PwC") and the other entities of the PwC network for auditing the 2019 Financial statement, as well as the fees pertaining to 2019 for other audit/checking services and other non-audit services provided to INWIT by PwC and other entities of the PwC network. Out-of-pocket expenses incurred in 2019 for these services are also included here.

(thousands of euros)	INWIT S.p.A.		
	PwC S.p.A.	Other entities of the PwC network	Total PwC network
Auditing services:			
statutory audit of the separate financial statements	165	-	165
limited review of the interim half-yearly financial statements	35	-	35
miscellaneous(*)	220	-	220
Out-of-pocket expenses	33	-	33
Total	***453***	***-***	***453***

(*) This amount includes fees for the revision of the 2019 DNF and the 2501 - bis 5th paragraph report.

CERTIFICATION OF THE FINANCIAL STATEMENTS AT DECEMBER 31,2019 PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 DATED MAY 14, 1999, WITH AMENDMENTS AND ADDITIONS

1. We, the undersigned, Giovanni Ferigo, as Chief Executive Officer, and Rafael Giorgio Perrino, as Manager responsible for preparing Infrastrutture Wireless Italiane S.p.A. financial reports, certify, having also considered the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

   of the administrative and accounting procedures used in the preparation of the financial statements for the period January 1 – Decembre 31, 2019.

2. Infrastrutture Wireless Italiane S.p.A. has adopted the Internal Control – Integrated Framework Model (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, as its framework for the establishment and assessment of its internal control system, with particular reference to the internal controls for the preparation of the financial statements.

3. The undersigned also certify that:

   3.1 the financial statements at December 31, 2019

   a) are prepared in conformity with international accounting principles adopted by the European Union pursuant to EC regulation 1606/2002 of the European Parliament and Council of July 19, 2002 (International Financial Reporting Standards – IFRS) as well as the legislative and prescribed provisions in force in Italy also with reference to the measures enacted for the implementation of art. 9 of Legislative Decree 38 of February 28, 2005;

   b) correspond to the results of the accounting records and entries;

   c) provide a true and fair view of the financial condition, the results of operations and the cash flows of the Company and its consolidated subsidiaries;

   3.2 the report includes a reliable analysis of the operating performance and income and financial situation of the issuer, along with the description of the main risks and uncertainties to which it is exposed.

March 5, 2020

The Chief Executive Officer	The Manager responsible for preparing the Company's Financial Reports
________/signed/__________	_______/signed/___________
(Giovanni Ferigo)	(Rafael Giorgio Perrino)

Infrastrutture Wireless italiane S.p.A.

Gruppo Tim - Direzione e Coordinamento Tim S.p.A.
Sede legale: Milano, Via Giovanni Negri, 1 – 20123 Milano
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Codice Fiscale, Partita IVA e iscrizione al Registro delle Imprese di Milano 08936640963
Numero REA MI 2057238
Capitale Sociale € 600.000.000,00

INFRASTRUTTURE WIRELESS ITALIANE SPA

INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) 537/2014

FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2019

Independent auditor's report
in accordance with article 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014

Infrastrutture Wireless Italiane SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infrastrutture Wireless Italiane SpA (the Company), which comprise the statement of financial position as of 31 December 2019, the separate income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in section Auditor's Responsibilities for the Audit of the Financial Statements of this report. We are independent of the Company based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Key Audit Matter	*How our audit addressed the key audit matter*
Recoverability of goodwill *Note 4 "Goodwill"* As of 31 December 2019 goodwill amounts to €1,412 million, representing 54% of total assets and 90% of net equity. The recoverability of the carrying amount of goodwill was tested for impairment at year end, in accordance with IAS36 – Impairment of Assets. The recoverable amount of goodwill is based on the fair value less cost of disposal of the group of cash generating units (CGU) to which goodwill is allocated. The fair value less cost of disposal is based on the quoted market price of the Company shares, adjusted by the estimated fair value of the assets and liabilities not directly attributable to the group of CGU. The recoverable amount of the group of CGU is compared with its carrying amount, composed of assets and liabilities attributable to the CGU, including goodwill. The recoverability of goodwill represented a key audit matter considering the magnitude of its carrying amount, the contribution to total assets and net equity and the professional judgement required for the assessment of the allocation of goodwill to the group of CGU and of the assumptions used by management.	We have performed an understanding and evaluation of the internal controls over the impairment test of goodwill. We have performed the following audit procedures: • assessment of the adequacy of the impairment testing process in accordance with the requirements of the accounting standard; • assessment of the allocation of goodwill to the cash generating units – CGU; • assessment of the key assumptions used when determining the fair value, based on quoted market price; • assessment of the accuracy of the carrying amount of assets and liabilities attributable to the group of CGU to which the goodwill is allocated; • testing the mathematical accuracy of the calculation model used. We have assessed the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Key Audit Matter	*How our audit addressed the key audit matter*
Adoption of IFRS16 - Leases *Note 7 "Right of use on third-party" and note 14 "Financial liabilities (non-current and current)" and Paragraph of financial statements "New standards and interpretations incorporated by the EU and in effect since January 1, 2019"* The new international accounting standard IFRS16 – Leases – is effective from 1 January 2019. IFRS16 requires the lessee to recognise, with limited exceptions, a right-of-use asset within non-current assets against the recognition of a financial liability measured as the present value of future lease payments. The right-of-use asset is depreciated over the lease term, through income statement. The financial liability is repaid through future lease payments, including interest expenses. As of 31 December 2019, the total amount of right-of-use assets and the associated financial liability recognized in accordance with IFRS16 is € 666 million and € 640 million, respectively. Annual depreciation and interest expenses amount to € 112 million and € 20 million, respectively. The accounting of lease agreements under IFRS16 represented a key audit matter considering their significance in the financial statements and the professional judgement required for the assessment of the accounting policies and assumptions used by management in the adoption of the new accounting standard.	We have performed an understanding of the internal control system over the management of lease agreements where the Company acts as a lessee. We have performed an understanding and evaluation of the accounting policies and assumptions used by management in the accounting for the lease agreements, in accordance with IFRS16. We have performed control testing over the managing process of lease agreements entered by the Company as a lessee, to verify the information flow processed by the accounting systems and the key assumptions used by management for the recognition and measurement of lease agreements in accordance with the new accouting standard. We have performed control testing and test of details – on a sample baisis – on the key elements of the lease agreements and main assumptions, with particular reference to the calculation of the lease term, the effect of potential options to extend the lease and the rate to discount the liability, used for the recognition and measurement of the lease assets and liabilities. We have verified the accuracy and completeness of the disclosure presented in the notes to the financial statements.

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Key Audit Matter	*How our audit addressed the key audit matter*
Revenues from Master Service Agreement with TIM SpA *Note 17 "Revenues"* Annual revenues for 2019 amount to €395 million, of which 77% or €303 million generated from the parent company TIM SpA. Revenues from TIM SpA relate to different types of service rendered by the Company and are mainly regulated by the Master Service Agreement signed on 13 March 2015, and subsequent amendements. The Master Service Agreement is a complex agreement, containing several performance obligations, such as lease of tower space, power supply, air conditioning, backup systems, monitoring, security, asset management and maintenance services, guarantees and other minor services. The recognition of revenues derived from the Master Service Agreement represented a key audit matter considering the magnitude and the complexity of the agreement, the different type of services rendered to TIM SpA and the degree of judgement to be used in revenue recognition.	We have performed an understanding and evaluation of internal controls over the identification of performance obligations associated with the Master Service Agreement. We have verified the revenue recognition for the different performance obligations, also based on their stage of completion. We obtained written confirmation of amounts due from TIM SpA. We have assessed the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Infrastrutture Wireless Italiane SpA at the general meeting held on 23 February 2015 to perform the audit of the Company's financial statements for the years ending 31 December 2015 through 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared in accordance with article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree 58/1998

Management of Infrastrutture Wireless Italiane SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Infrastrutture Wireless Italiane SpA as of 31 December 2019, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/1998, with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/2010, issued on the basis of our knowledge and understanding of the Company obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree 254/2016

Management is responsible for the preparation, on a voluntary basis, of the non-financial disclosure in accordance with article 7 of Legislative Decree 254/2016. We have verified that management approved the non-financial disclosure.

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016, the non-financial disclosure is subject to separate audit reporting by our firm.

Milan, 13 March 2020

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Other information

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF INFRASTRUTTURE WIRELESS ITALIANE S.p.A. PURSUANT TO ARTICLE 153 OF ITALIAN LEGISLATIVE DECREE 58/1998

Dear Shareholders,
Infrastrutture Wireless Italiane S.p.A ("INWIT" or the "Company") operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure devoted to hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting.
INWIT commenced operations on April 1, 2015, the effective date of the transfer of the "Tower" business unit of Telecom Italia S.p.A. ("Telecom Italia" or also "TIM") mainly concerning the activities relating to the implementation and operation of the passive infrastructure of the sites, generally consisting of civil structures (such as towers, pylons and poles) and technological systems, necessary to host the transponder equipment owned by Telecom Italia and other customers. In this context, INWIT stands out as the largest Italian Tower Operator in terms of number of sites managed, with a special focus on mobile services.
During the course of the financial year ending December 31, 2019, INWIT's Board of Statutory Auditors, appointed by the Shareholders' Meeting on April 13, 2018, performed its auditing duties as required by law, also taking account of the Principles of the Rules of Conduct recommended by the National Board of Accountants and Bookkeepers, and of the CONSOB communications regarding corporate controls and the activities of the Board of Statutory Auditors.
The Board of Statutory Auditors therefore reports that, during the year ended December 31, 2019, it systematically acquired the information needed for the performance of its functions by attending meetings of the Board of Directors, the Control and Risk Committee (also in the role of Related Parties Committee), the Nomination and Remuneration Committee and the Strategic Committee, as well as through interviews with managers and representatives of company functions, documentation analysis and inspection activities.
The Delegated Bodies have reported at least once a quarter on business conducted, on those more significant transactions from the financial, economic and equity points of view, on transactions entailing possible conflicts of interest (mainly intra-group transactions, on any atypical or unusual transactions, and on any other business or transaction that it deemed ought to be disclosed.

****

1. During 2019, on the basis of the information received and the specific analyses conducted, the Board of Statutory Auditors monitored and supervised the process of carrying out the significant economic, financial and equity transaction represented by the integration of INWIT with the approximately 11,000 towers of Vodafone in Italy. In particular, following the communication by Tim, on February 21, 2019, of the signing of a non-binding Memorandum of Understanding with Vodafone Italia, the Company started the investigation of the transaction by activating the Related Parties Committee (identified in the Control and Risks Committee), which is a significant transaction with a related party (RPT of greater significance pursuant to Consob Regulation no. 17221 of March 12, 2010).
The Board of Statutory Auditors took part in all the meetings in which the Related Parties Committee carried out its investigation, after which the Committee itself, with the support of independent advisors, expressed its opinion on the above transaction, also assessed as a whole.
The Board of Statutory Auditors monitored compliance with the law and the correct application, both formally and substantively, of the procedure adopted by the Company to execute transactions with related parties.
Therefore, on July 26, 2019 a framework agreement was signed between TIM, Vodafone Italia S.p.A. (VOD), Vodafone Europe BV (VOD EU) and INWIT, which regulates the terms and conditions of the operation to combine the VOD towers with those of INWIT and, among other things, the activities which are preparatory and/or functional to the implementation of the merger (including the acquisition by

INWIT of a minority interest in Vodafone Towers S.r.l. just before the merger became effective) as well as the terms and conditions of the industrial partnership between TIM, VOD and INWIT. In execution of these agreements, the Shareholders' Meeting of December 19, 2019 approved, inter alia: (i) the proposed merger by incorporation of Vodafone Towers S.r.l. into INWIT; (ii) amendments to the Company Bylaws and consequent approval of the new Company Bylaws, with effect from the effective date of the merger; (iii) the distribution of an extraordinary dividend, subject to the completion of the merger.
The abovementioned merger deal was subject to a number of conditions precedent which subsequently came into effect. Specifically, on March 6, 2020, the European Antitrust Commission authorized the transaction pursuant to the Merger Regulation subject to compliance with the Commitments submitted. In this regard, please refer to the Press Release of March 6, 2020, published on the company website (www.inwit.it).
With specific reference to the transaction described above with the TIM related party, it should be noted in particular that this transaction, which is regulated overall within a Framework Agreement, involves, among other things:

- the entering into of (1) a new Master Service Agreement with TIM in place of the First Master Service Agreement, and (2) a Master Service Agreement with Vodafone mirroring the one entered into with TIM, both effective from the effective date of the Merger;
- the entering into of additional agreements with TIM and VODAFONE, as provided for in the aforementioned Framework Agreement;
- the purchase of a minority interest in the share capital of Vodafone Towers S.r.l.;
- the merger by incorporation of Vodafone Towers S.r.l. into INWIT, as a result of which the investment held by INWIT in Vodafone Towers and the remaining part of the share capital of Vodafone Towers will be canceled, on the basis of a specific exchange ratio.

The following should also be noted:
(i) with reference to the determination of the consideration for the purchase of the equity investment and the exchange ratio, the same have been defined by negotiation between the parties. The Board of Directors was supported by its own specialist advisors and obtained the prior opinion of the Control and Risk Committee (in the function of RPT Committee) which, in turn, made recourse to its own independent advisors (who issued specific fairness opinions);
(ii) with reference to the determination of the exchange ratio, a special report was prepared, pursuant to Article 2501-sexies of the Italian Civil Code, by BDO Italia S.p.a., as an expert appointed by the Court of Milan. The report confirms the appropriateness of the valuation methods used to determine the exchange ratio and their correct application;
(iii) the Board of Statutory Auditors examined, among other things, the merger plan, the Directors' report and the report prepared by the expert appointed by the Court (BDO Italia S.p.a.).
In light of the above, the Board of Statutory Auditors therefore believes that the significant transaction briefly described above was carried out in compliance with fairness criteria and is in the Company's interests.
2. With regard to transactions that could potentially constitute a conflict of interests, the Directors, when commenting on the individual items set out in the financial statements, indicate and illustrate the principal intra-group transactions and transactions with related parties. thus reference should be made to these sections also for a description of the characteristics of the transactions and of their economic effects.
As far as regards transactions with related parties, the Board of Statutory Auditors reports that, in accordance with CONSOB's regulatory provisions contained in Resolution no. 17221 of March 12, 2010 (and subsequent amendments and additions), the Company adopted a specific procedure by means of the Board resolution of May 18, 2015, which was subject to limited amendments of an operational nature on July 25, 2017 and was significantly updated by Board resolution of December 11, 2018, with effect from January 1, 2019.
The procedure is illustrated in the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the 2019 financial year", to which reference should thus be made. It should also be noted, for the sake of completeness, that this procedure was further updated, following a specific investigation by the Control and Risk Committee, with Board approval on March 5, 2020 (the updated version of the procedure is published on the company website www.INWIT.it).

The Board of Statutory Auditors has monitored the compliance of the procedures adopted with the principles established by CONSOB, together with actual observance thereof, and, with reference to intra-group and related party transactions of an ordinary nature, the Board has no observations to make regarding their congruity and their compliance with the Company's interests.

3. The Board of Statutory Auditors deems that the information provided by the directors in the Notes to the Financial statements of Infrastrutture Wireless Italiane S.p.A., regarding intra-group transactions and transactions with other related parties, is adequate.

4. On March 13, 2020, the independent auditors PricewaterhouseCoopers S.p.A. issued its report pursuant to Article 14 of Legislative Decree no. 39 of January 27, 2010 and in accordance with the provisions of Article 10 of EU Regulation no. 537/2014, which certifies that the financial statements for the year ended December 31, 2019 provide a true and fair view of the Company’s financial position, results of operations and cash flows, in accordance with the International Financial Reporting Standards adopted by the European Union and the measures issued in implementation of Article 9 of Legislative Decree no. 38/2005. The report indicates - as required by law - the key aspects of the audit, including “disclosure of the expected impacts of the application of IFRS 16 - Leasing”. The aforementioned report does not contain any requests for specific disclosures. The independent auditors also believe that the Management report and the some specific items of information in the Report on Corporate Governance and Ownership Structures indicated in Article 123-bis, paragraph 4, of the Consolidated Finance Act are consistent with the financial statements of the Company as at December 31, 2019 and drawn up in compliance with the law.

5. During the course of 2019, and up to the date of drafting of this Report, the Board of Statutory Auditors has not received any reports under Article 2408 of the Italian Civil Code.

6. During the course of 2019, and up to the date of drafting of this Report, the Board of Statutory Auditors, has not received any complaints.

7. With reference to the 2019 financial year, the Company has appointed PricewaterhouseCoopers S.p.A. - in addition to the institutional audit engagements on the annual financial statements, the half-yearly report and the report pursuant to Article 2501-bis, fifth paragraph - the limited examination of the Individual Non-Financial Statement, prepared by the Company, on a voluntary basis, pursuant to Legislative Decree no. 254, of December 30, 2016, for a fee of €20,000 (plus VAT and out-of-pocket expenses incurred for the execution of the assignment).

8. During the 2019 financial year, Infrastrutture Wireless Italiane S.p.A. did not assign any tasks to entities or persons having continuous business relationships with PricewaterhouseCoopers S.p.A. and/or with companies in the PwC network.

The Board of Statutory Auditors has expressed a favorable opinion, to the extent of its competence, with regard to the assignment to PricewaterhousCoopers (and/or its network), by the parent company TIM, of the tasks concerning (i) the certification of data relating to the services covered by the Payment Services Directive 2 (“PSD2”); (ii) the issue of the Comfort letter in support of the annual renewal of the Euro Medium Term Note Programme (“EMTN”) and (iii) the certification of the turnover achieved by a TIM S.p.A. company shop in 2018.

The Board of Statutory Auditors monitored the independence of the Independent Auditors; the same company issued, on March 13, 2020, the annual confirmation of its independence, pursuant to Article 6, paragraph 2) a) of EU Regulation no. 537/2014 and paragraph 17 of ISA Italia 260.

9. On February 28, 2019, the Board of Statutory Auditors provided the Board of Directors with an opinion, pursuant to Article 2389, Section 3, of the Italian Civil Code, concerning the variable remuneration of the Chief Executive Officer for 2019.

Pursuant to the Corporate Governance Code published by Borsa Italiana, the Board of Statutory Auditors was consulted within the scope of the definition of the functional objectives for the short-term incentive scheme (2019 MBO) of the Head of the Audit Function.

10. During 2019, the Company's Board of Directors met 10 times; the Control and Risks Committee held 28 meetings, the Appointments and Remuneration Committee 9 and the Strategic Committee 1. In addition, in 2019, a meeting of all the Independent Directors was held.

The Board of Statutory Auditors met 28 times during 2019, 13 of which were held jointly with the Control and Risk Committee). In addition, the Board in 2019 participated in: (i) three Shareholders’ Meetings; (ii) all the meetings of the Board of Directors; (iii) all meetings of the Control and Risks Committee, and all meetings of the Appointments and Remuneration Committee.

It should be noted that INWIT’s Board of Directors at its meeting of January 27, 2015, had appointed the Board of Statutory Auditors, up to the end of its term of office, as Supervisory Body under Article 6, paragraph 1(b), of Italian Legislative Decree no. 231 of June 8, 2001. The Board of Statutory Auditors was again given the functions of Supervisory Body by the Board of Directors in its meeting of April 13, 2018, in accordance with Italian Legislative Decree 231/2001 until expiration of the term of office of the Board of Directors (i.e. until the Meeting of Shareholders called to approve the financial statements as at December 31, 2020).
The Board of Statutory Auditors therefore held 5 meetings specifically as the Supervisory Body.
11. The Board of Statutory Auditors has taken note of, and monitored - insofar as it is concerned - due compliance with the principles of good administration: through attendance of the meetings of the Board of Directors and of the various Committees; by gathering information from the CEO, the Company’s management, the head of the Audit Department, and the Financial Reporting Officer (who is also Head of the Risk Management Department); and also through meetings with the aforesaid persons and with the representatives of the independent auditors PricewaterhouseCoopers S.p.A., for the purpose of the reciprocal exchange of relevant information and data and, as a result of the above activities, has no comments to make on the matter.
The Board of Statutory Auditors supervised compliance with the law and the Company Bylaws. Specifically, as far as regards the Board of Directors’ deliberative processes, the Board of Statutory Auditors has ascertained, also by attending the Board of Directors’ meetings, that the Directors’ decisions comply with law and with the Company's Articles of Association, and has verified that the corresponding resolutions were supported by information, analyses, controls and discussions, and also, when necessary, by recourse to consultation with the committees and with external consultants. The Board of Statutory Auditors has also verified, insofar as such is known, that the Directors have submitted the declarations required by Article 2391 of the Italian Civil Code.
12. In accordance with INWIT’s Corporate Governance Code, the Board of Directors provides strategic guidance and supervision, with the principal aim of creating value for shareholders in the medium/long term, with a view to ensuring the sustainability of the Company’s business, and also bearing in mind the legitimate interests of the remaining stakeholders.
In order to implement its decisions and to govern the Company’s business, the Board of Directors, in compliance with the limits established by law, may delegate the appropriate powers to one or more directors, who report to the Board of Directors and to the Board of Statutory Auditors on the activities they perform, on the general performance of management, on its foreseeable evolution, and on the Company’s significant transactions from the financial, economic and equity points of view.
During 2019, the position of Chairman was held by Stefano Siragusa and, following his resignation on May 15, 2019, the Board of Directors co-opted Piergiorgio Peluso as Chairman without executive powers pursuant to Article 2386 of the Italian Civil Code. After the Shareholders’ Meeting of December 19, 2019 appointed and confirmed Piergiorgio Peluso as Director, on the same date the Board of Directors also confirmed him as Chairman.
The Chairman of the Board of Directors has been granted legal and judicial representation.
The office of Chief Executive Officer (and General Manager) remains vested in Giovanni Ferigo.
The CEO is assigned legal representation of the Company together with responsibility regarding market disclosure, as well as the strategic management and overall governance of the Company, and also the management of any extraordinary transactions. The CEO is also assigned responsibility for establishing – through implementation of the Board of Directors’ guidelines – the internal control system, and for ensuring that it met the requirements of changing operating conditions and of the evolving legislative/regulatory situation.

The Company has adopted an organizational model that provides for the monitoring of the principal activities required for the management and development of the Company's business. On the basis of this model, the following report to the CEO:

- Marketing & Sales, headed (from January 28, 2019) by Gabriele Abbagnara;
- Technology & Operations, headed by Elisa Patrizi; Administration Finance and Control & Business Support, headed by Andrea Balzarini, with the responsibility to ensure coordination of the administration, finance and control, purchasing and business development activities; administration, control and risk management activities are headed by Rafael Perrino, who is also the Financial Reporting Officer;
- the Legal, Corporate Affairs & Compliance Function, headed from January 28, 2019 by Salvatore Lo Giudice which, through the Compliance and Regulation function, also ensures management of compliance and regulatory obligations;
- the Human Resources Function, headed by Francesca Stacchiotti from December 20, 2019 and to that date by Gabriella Raffaele;
- the Institutional and External Communication Function, headed by Marco Signoretti.

The Audit Function, which reports directly to the Board of Directors, is headed by Ms Laura Trucco.

The Board of Statutory Auditors, insofar as it is concerned, acquired information regarding the Company's chosen organizational structure, and the implementation and development of such; it also monitored the dynamic adequacy of the organizational structure and its operation, bearing in mind the Company's objectives and, as a result of these activities, has no comments to make on the matter.

The Company belongs the TIM Group and is subject to the management and coordination of TIM S.p.A. pursuant to Articles 2497 et seq of the Italian Civil Code.

In this latter regard, it should be noted that in 2017, following an in-depth investigation, the Company's Board of Directors adopted the Group Regulations, which define the reference framework for the exercise of TIM's management and coordination activities with regard to all of the Group's subsidiaries and provide for its principles, limits, scope and procedural procedures.

13. The Board of Statutory Auditors monitored the implementation and due operation of the Company's internal control and risk management system (hereinafter, for the sake of brevity: the internal control system), ensuring its adequacy, both now and in the future, by means of: (i) meetings with the Control and Risks Committee; (ii) periodic meetings with the Heads of the Audit Function, of the Legal Function - which, as mentioned above, also oversees Compliance issues - and with the Financial Reporting Officer (who, as mentioned above, also heads the Risk Management function); (iii) regular meetings with the heads of other company departments; and (iv) acquisition of documentation.

These periodic meetings were aimed, among other things, at examining the activities carried out by these functions, risk mapping and verification programs. The Board of Statutory Auditors has also examined the periodic reports of the Control and Risk Committee and the Head of the Audit Department, in particular the audits in the various areas of the company on the functioning of the internal control system.

The internal control system is organized, and operates, in accordance with the principles and criteria set out in Corporate Governance Code published by Borsa Italiana. It is an integral part of the organizational structure of the Company and of the TIM Group, and involves a number of actors who operate in a coordinated manner according to their respective responsibilities, as follows: (i) the Board of Directors is responsible for strategic guidance and supervision; (ii) the CEO and management are responsible for monitoring and managing the Company's operations; (iii) the Control and Risks Committee, and the Head of the Audit Function, have a monitoring role and lend support to the Board of Directors; and (iv) the Board of Statutory Auditors has a supervisory role.

The establishment and maintenance of the internal control system is entrusted to the CEO and to the Financial Reporting Officer, insofar as each is concerned, so as to ensure the overall adequacy of the system and its actual operation, from a risk-based perspective, which is also taken into consideration when the Board of Directors' agendas are drawn up.

In accordance with the Company's Corporate Governance Code, in exercising the Board's responsibility for the internal control and risk management system, the Board also avails itself of the services of the Audit Function, which enjoys its own organizational independence and has sufficient adequate resources to carry out its own activities. In particular, during 2019, the Audit Function also made recourse to an independent primary consultancy company for the performance of its activities.
For further details of the internal control system, see the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the 2019 financial year".
The Board of Statutory Auditors has acknowledged the overall evaluation of the internal control and risk management system submitted by the Head of the Audit Function and of the Control and Risk Committee.
With a view to the future, the Board of Statutory Auditors deems the internal control and risk management system to be generally adequate. In this regard, the Board of Statutory Auditors monitored with great attention the actions taken to overcome the weaknesses previously identified and recommended to the management to continue to strengthen the internal control system which, in any case, does not present particular critical situations at present.
On May 15, 2019, the Company adopted a new version of the Organizational Model pursuant to Legislative Decree no. 231 of June 8, 2001, which, among other things, incorporates the regulatory updates that have taken place with respect to the previous version, the organizational evolution of the company and the results of an in-depth study of sensitive processes specifically related to the company and its control mechanisms.
The new version of INWIT's Organizational Model is the result of a "customization" activity begun in November 2018, with the methodological support of Tim's Compliance Department, on the basis of independent evaluations of the Company following suggestions from the Supervisory Body. To this end, an analysis was carried out on the processes carried out by all INWIT Functions which allowed to focus on in the new version of the Organizational Model the Internal Control Processes/Schemes carried out within the Company. After the adoption of the new version of the 231 INWIT Organizational Model, the first phase of the deployment of the 231 Organizational Model, relating to the mapping of activities at risk of 231 offenses (MAP Analysis), was started and completed, followed by a second phase relating to Gap Analysis activities.
The Board of Statutory Auditors, in its function as Supervisory Body, played a proactive role in the personalization of the Organizational Model by carrying out an in-depth investigation during several meetings and reported to the Board of Directors on the activities carried out.
The Board of Statutory Auditors, again in its function as the Supervisory Body, also monitored the Company's deployment of the Organizational Model, with particular reference to information, training, information flows and specific audit and follow-up activities on selected sensitive processes.
14. The Board of Statutory Auditors – also in its capacity as Internal Control and Audit Committee - has evaluated and monitored the adequacy of the administrative-accounting system and its capacity to reliably and correctly represent company transactions, by obtaining information from the heads of the company functions concerned, by examining company documents and monitoring activities and by analyzing the results of the work carried out by the independent auditors PricewaterhouseCoopers S.p.A. and, as a result of these activities, has no comments to make.
The Board of Statutory Auditors has acknowledged the statements issued by the CEO and by the Executive Manager responsible for drafting the Company's accounting documents, in regard to the adequacy - in relation to the Company's nature - and the actual application in 2019, of the administrative and accounting procedures required for the drafting of the financial statements.
With regard to the question of the impairment testing of goodwill and of assets with an undefined useful life, in accordance with international accounting standards, the Board of Statutory Auditors has monitored (i) the Board of Directors' adoption of a specific procedure, and subsequently (ii) the results of the tests conducted in this regard by the management, which confirmed the recoverable nature of said goodwill and assets.
On March 13, 2020, the Independent Auditors issued the Report pursuant to Article 11 of Regulation EU no. 537/2014, which failed to identify any significant inadequacies in the internal control system in regard to the process of financial disclosure.
The Board of Statutory Auditors also supervised preparation by the Company of the Individual Non-Financial Statement, prepared for the second year on a voluntary basis by the Company. In this regard,

the company PricewaterhouseCoopers has been appointed to carry out, on the basis of this statement, the limited assurance engagement, following which, on March 13, 2020, it issued its report pursuant to Article 3, paragraph 10 of Legislative Decree no. 254/2016 and Article 5 of Consob Regulation no. 20267/2018. In this report, the independent auditors concluded, on the basis of the work carried out, that no evidence has come to their attention that the Non-Financial Statement has not been prepared, in all significant respects, in accordance with the requirements of Article 3 of the aforementioned decree and the selected GRI Standards, as described in the "Methodological Note" section of the Non-Financial Statement itself.

The Board of Statutory Auditors examined PricewaterhouseCoopers' report on the matter and monitored compliance with the provisions of Legislative Decree no. 254/2016.

The Board of Statutory Auditors of INWIT had participated in the selection process for the new Group Sole External Auditor for the nine-year period 2019-2027, which was launched in 2017 and then restarted in 2018, carrying out independent investigations, in-depth analyses and assessments in the specific interest of the Company and making a specific recommendation as a result. The statutory audit assignment conferred on PWC by the parent company TIM S.p.A., expires when the statutory deadline is reached, with the approval of the financial statements at December 31, 2018. As this contract cannot be legally renewed any further, TIM has called a Shareholders' Meeting for March 29, 2019 to authorize, among other things, the award of the auditing contract. In July 2018 it started the online procedure, in which auditing firms that had entered the previous tender were invited to participate.

The Board of Statutory Auditors of INWIT positively assessed the undoubted advantages of having a single Group auditor and participated in the process of selecting a new auditor. It subsequently carried out independent assessments and activities in the interests of the Company; In view of the Shareholders' Meeting of April 12, 2019, it made a specific recommendation on the choice of the auditor and issued a favorable opinion on the proposal for a consensual resolution of the current statutory audit engagement with PWC.

Subsequently, on March 29, 2019, TIM's Shareholders' Meeting approved the appointment of EY S.p.A. as the new statutory auditor for the nine-year period 2019-2027.

During the Shareholders' Meeting held on March 27, 2019, the shareholder TIM announced its intention to abstain from voting at the INWIT Shareholders' Meeting held on April 12, 2019, justifying this initiative in light of the inappropriateness of the change of the statutory auditor (with all the consequent operating costs) pending the integration plan with Vodafone Italia's towers (announced on February 21, 2019) and taking into account that as a result of this integration, INWIT will cease to be subject to the sole control of TIM, with the consequent loss of most of the operating synergies deriving from the presence of a single Group auditor. In view of the abstention of the controlling shareholder TIM, the Shareholders' Meeting of April 12, 2019 consequently did not approve the consensual resolution of the audit assignment in place with PricewaterhouseCoopers S.p.A. (and therefore did not award the new assignment).

15. The Board of Statutory Auditors found that the obligation under Section 114 (2) of Italian Legislative Decree no. 58/1998 does not apply in that the Company held no interests in other companies as at December 31, 2019.

16. The Board of Statutory Auditors has ascertained, by means of direct audits and information received from the independent auditors PricewaterhouseCoopers S.p.A., that the regulations and laws governing the formation and arrangement of the financial statements and the Management Report have been duly observed.

17. The Company complies with the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana.

The Board of Statutory Auditors supervised the checking of the requirements, and of due application of the principles, of independence of the Company's Directors. The same control body verified the independence requirements of its members, pursuant to Article 148, third paragraph, of Legislative Decree No. 58/1998, and carried out a self-assessment process, supported by Egon Zehnder, which was completed on March 2, 2020 and concerned, inter alia, the functioning of the body itself. It has also been established that the members of the Board of Statutory Auditors, together possess expertise in the sector in which the Company operates, pursuant to Article 19 of Italian Legislative Decree no. 39/2010.

For further information regarding the Company's Corporate Governance, see the “Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the 2019 financial year”.
The Board of Statutory Auditors has monitored the fact that the aforesaid Report offers full information regarding the manner in which the Company has adopted and implemented the recommendations of the Corporate Governance Code.
In addition, the Board of Statutory Auditors verified that the Report on the Remuneration Policy 2020 and the remuneration paid, prepared in accordance with Article 123-ter of Legislative Decree No. 58/1998 and approved by the Board of Directors on March 5, 2020, was prepared in accordance with regulatory provisions and provides adequate information on the Company's remuneration policy and the remuneration paid during the year.
18. The Board of Statutory Auditors' supervisory and auditing activities have failed to reveal any significant facts that need to be reported or mentioned in this Report.
19. The Board of Statutory Auditors, having acknowledged the results of the financial statements as at December 31, 2019, and bearing in mind that the Statutory Reserve has reached one-fifth of share capital pursuant to Article 2430 of the Italian Civil Code, has no objection to make in regard to the Board of Directors’ proposal to the Shareholders’ Meeting, to allocate net profit for the 2019 financial year, amounting to €139,313,769:

- distribution to shareholders of the dividend that will be €0.132 for each of the 960,200,000 ordinary shares in circulation after completion of the merger of VOD Towers into INWIT, it being understood that if the merger is completed after the record date, the dividend will be €0.211 for each of the 599,777,882 ordinary shares in circulation at that date (net of the 222,118 ordinary shares held by the Company) for a total maximum amount of €126,746,400.
- the remaining part to retained earnings.

In view of the above, the Board of Statutory Auditors invites the Shareholders to approve the financial statements as at December 31, 2019 presented by the Board of Directors, together with the Report on Operations.

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Milan, March 13, 2020

THE BOARD OF STATUTORY AUDITORS
Stefano Sarubbi
Umberto La Commara