ANNUAL FINANCIAL STATEMENTS

INTRED TELECOMUNICAZIONI

2018

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2018

GENERAL COMPANY INFORMATION

COMPANY NAME	INTRED S.P.A.
REGISTERED OFFICE	VIA PIETRO TAMBURINI, 1 - 25136 BRESCIA (BS)
FULLY PAID-UP SHARE CAPITAL	10,000,000.00
VAT NUMBER	02018740981
TAX CODE	11717020157
REA NUMBER	BS - 366982
LEGAL FORM	JOINT-STOCK COMPANY
MAIN BUSINESS SECTOR (ATECO)	611000
COMPANY IN LIQUIDATION	NO
SINGLE-SHAREHOLDER COMPANY	NO
COMPANY SUBJECT TO MANAGEMENT AND COORDINATION BY ANOTHER ENTITY	NO
MEMBER OF A GROUP	NO

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EXECUTIVE SUMMARY

1.1 LETTER TO SHAREHOLDERS

There is no doubt that the competitiveness of businesses is measured, today more than ever, by their ability to rely on advanced technology platforms that support their business. This is not rhetoric, but the acknowledgement of a reality in constant and rapid evolution. Communicating quickly, storing and transferring data means being able to benefit from a crucial asset that multiplies the effects of any industrial growth plan. It is within this framework that we have set our strategic vision, seeking to offer value and support to the activities of all those who require our services and the availability of our digital infrastructure. And it is for the same reason that we considered it necessary to proceed with the listing of Intred on AIM Italia, the Alternative Capital Market of Borsa Italiana, a step taken to secure the financial strength needed to guarantee to ourselves, in the first instance, and consequently to our customers, a future built on stability and innovation. In July 2018 we reached this goal, and the confidence shown by investors exceeded our expectations, with demand for the placement more than 2.5 times the offer. This was no chance result, but the fruit of the reputation that Intred has built with all its stakeholders, and of the professional dedication of a team of employees and consultants who made this result possible.

The “plus” sign in front of our economic performance indicators speaks clearly of the company’s solidity. All the indicators are positive, starting with revenue, which reached 17.9 million, an increase of 21% on the previous year, with a favourable impact on EBITDA (+19.4% to 6.8 million). Our EBITDA margin reached 38.1% (41.7% net of the accounting effects of the listing), placing it among the best in the sector. Net profit also performed solidly, rising to 3.2 million, up +26.4% on last year.

This encouraging picture is the result, on the one hand, of an investment policy increasingly focused on the development of Ultra Wideband connectivity and on the expansion of the fibre network, which reached 1,950 km in 2018. On the other hand, in line with our growth plans, we have progressively expanded our workforce through a process of selecting the skills that could raise the technological profile of our commercial offering and, as a result, help to strengthen

FIBRE OPTICS

WIRELESS NETWORK

PHONE NETWORK

DATA CENTRE

INTRED

TELECOMUNICAZIONI



our presence in our reference markets.
We consider ambition to be a natural drive towards progress. We have sought to balance this inclination with a careful analysis of the local area in which our business has always operated, and to which we duly express our gratitude. It is an industrious and responsible environment, and it is these very qualities that have spurred us to keep doing better. Our objectives include strengthening our presence in the areas of Brescia, Bergamo and Mantua, and a possible further expansion into the areas of Milan, Lodi, Lecco and Monza. Alongside the expansion of our commercial activities, we will pursue projects to optimise our infrastructure assets, so as to achieve higher levels of expertise and more easily seize the opportunities offered by the digital market. We want to achieve an even stronger position by optimising our offering of innovative services. An ambitious programme, certainly, but it is also true that over time we have learned to recognise the value of our experience and our ability to pursue our objectives with tenacity, and the future will certainly not belie the effectiveness of this determination. This resolve must be credited to all those who work with the company every day, from employees to suppliers and customers, to whom I extend my personal thanks. I am sure that together we will be able to continue along the path of growth, without hesitation and with passion.

Daniele Peli,
Chairman of the Board



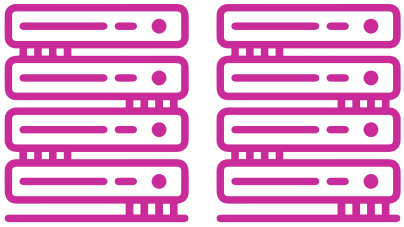
1.2 THE POWER OF INNOVATION /WHO WE ARE

THE PROFILE OF A COMPANY THAT HAS MADE INNOVATION AND THE CREATION OF CUTTING-EDGE SOLUTIONS IN ULTRA-FAST COMMUNICATION ITS DISTINCTIVE FEATURE

At the basis of every form of progress there is creative thinking. A principle that applies in every field of human activity, and even more so in advanced technological research, today more than ever. Intred, a telecommunications operator providing data and voice services over its own proprietary network, was founded in 1996 by three partners who decided to turn an innovative insight into a business, supporting it with their own expertise and professionalism.
Today Intred is an established company that builds competitive advantage and fosters new growth for its customers by offering cutting-edge solutions tailored to their actual needs. Based in Brescia, the company

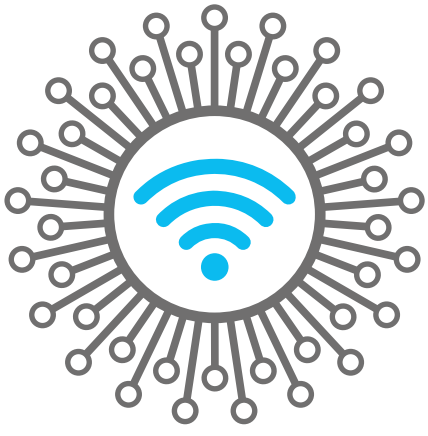


1 NATIONAL TELEPHONE NETWORK

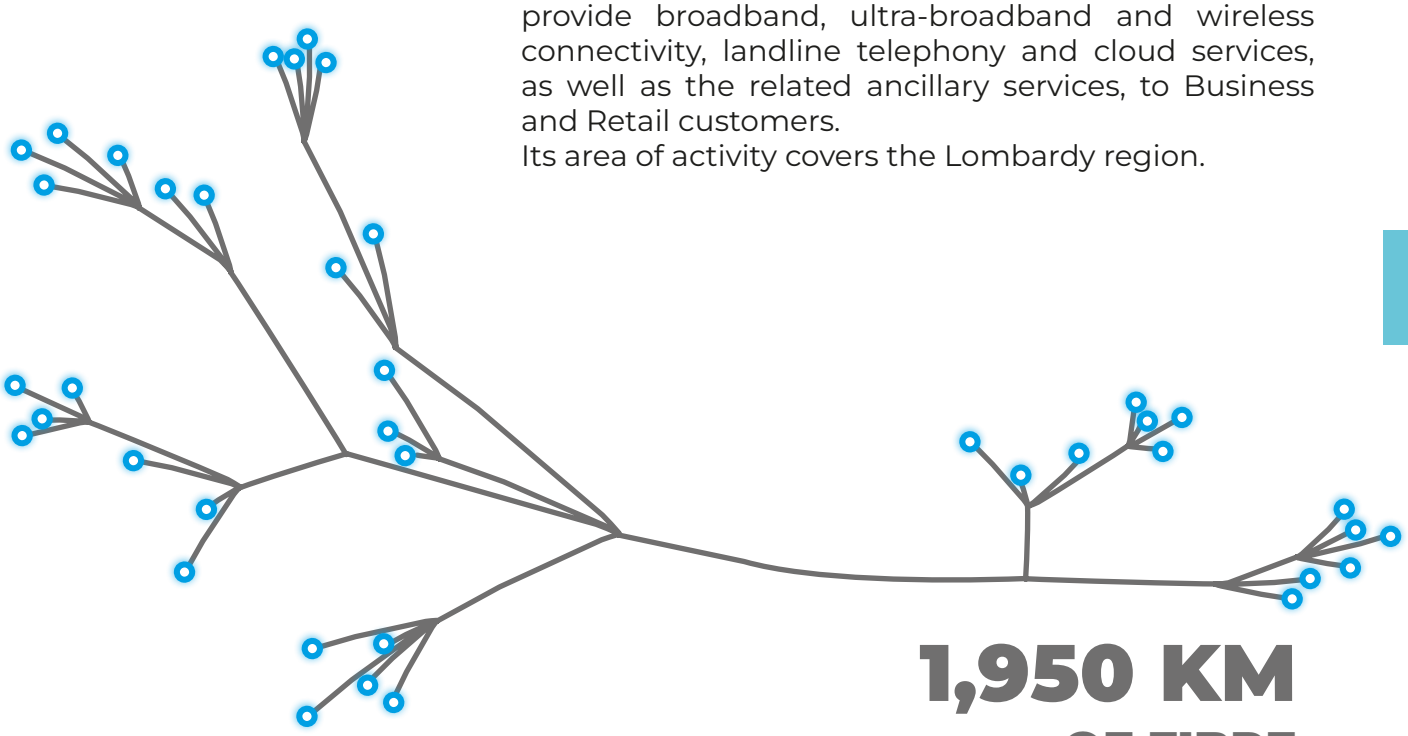


2 DATA CENTRES

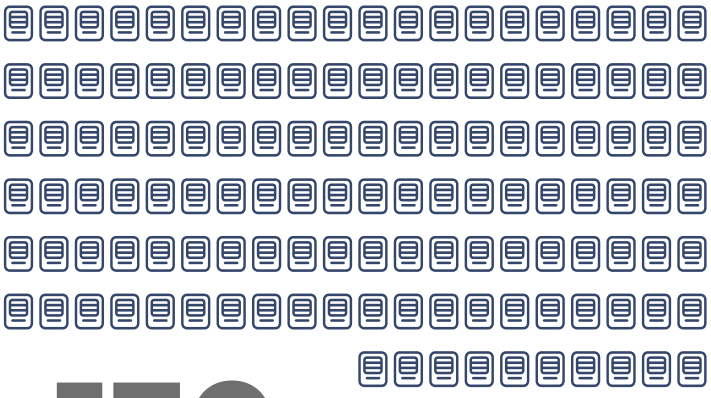
WIRELESS NETWORK WITH 42 RADIO STATIONS



offers a wide range of services, all with high technological value.
Thanks to an optical fibre network of over 1,950 kilometres, 130 POPs (Points of Presence), two Data Centres, a wireless network with 42 radio stations and a national telephone network, Intred is able to provide broadband, ultra-broadband and wireless connectivity, landline telephony and cloud services, as well as the related ancillary services, to Business and Retail customers.
Its area of activity covers the Lombardy region.



1,950 KM
OF FIBRE OPTIC NETWORK



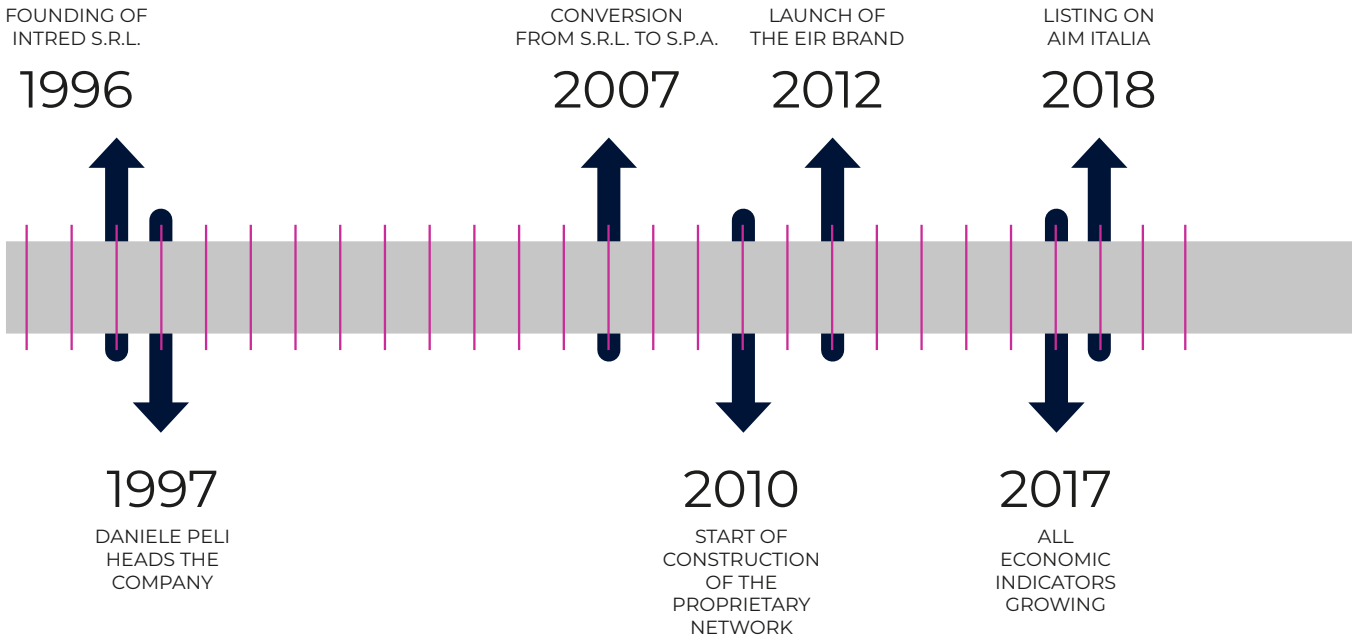
130 POPs

1.3 A SUCCESSFUL INSIGHT /OUR HISTORY

A JOURNEY THAT STARTS FROM AN AWARENESS OF THE IMPORTANCE OF GROWING BY LISTENING TO THE NEEDS OF THE LOCAL AREA AND CONSTANTLY IMPROVING INFRASTRUCTURE.

The levers driving Intred's growth are based on the principles of technological expertise and the choice of a clearly defined geographical area as its field of business. A journey of little more than twenty years, but one that has seen strong acceleration, supported by the construction of a business infrastructure and of a widespread and effective sales network.

1996 – **Intred S.r.l.** is founded in Milan. There are three founding partners, all from the same listed multinational. Among them is Daniele Peli, the current Chairman and majority shareholder of the company.
1997 – Daniele Peli acquires the shares of the other two co-founders. The company grows steadily, first mainly in the province of Brescia, then also in the neighbouring areas of Bergamo and Mantua.
1998 – Intred's registered office is moved from Milan to Villa Carcina (BS).



2007 – Intred is converted from an S.r.l. into an S.p.A. and moves its registered office from Villa Carcina to Brescia.

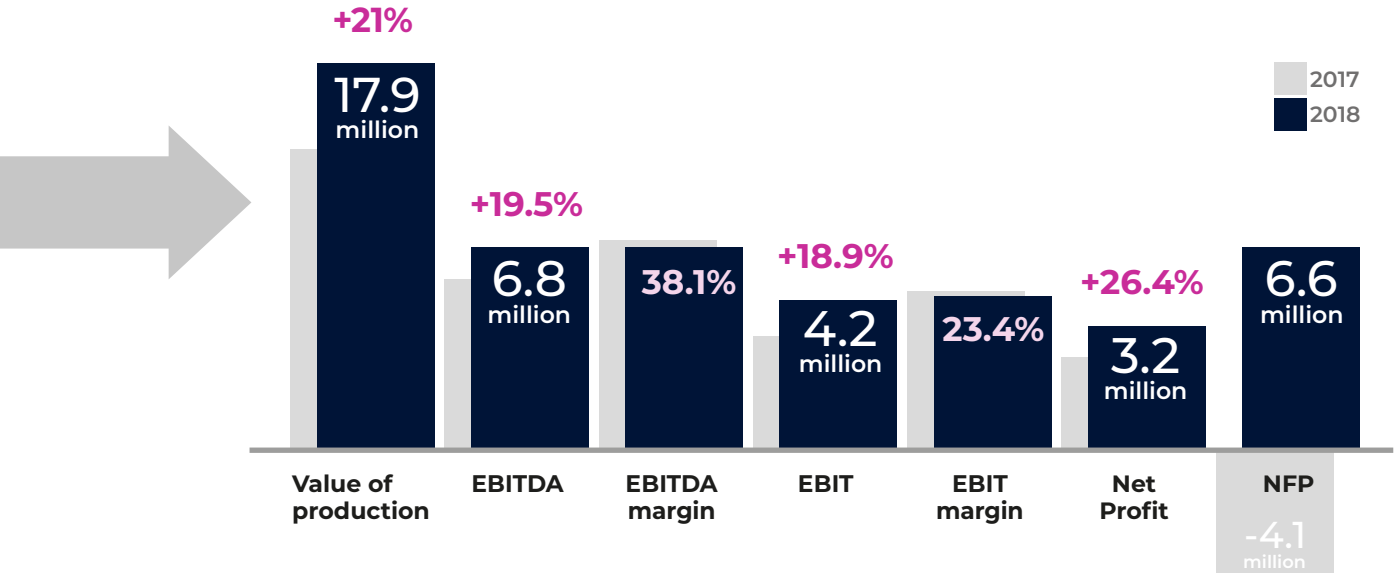
2010 – Construction begins on a proprietary cable network, an investment that has a positive impact on turnover. Territorial development consolidates to such an extent that, in 2011, a new headquarters is built in Brescia, able to accommodate 60 employees, a warehouse and two Data Centres.

2012 – Intred enters the residential market with the **EIR** brand, recording an exponential increase in customers over the following 5 years, which produces average turnover growth of 65% in the three-year period 2015-2017.

2017 – A year with a plus sign. The Value of Production increases by over 24% compared with 2016, reaching €14.8 million. In the 2017 financial year the company has around 21,600 Business and Retail customers in Lombardy.

2018 – On 16 July of this year, following a placement oversubscribed 2.5 times by Italian and foreign investors, the company is admitted by Borsa Italiana to the trading of its ordinary shares on AIM Italia (code: ITD.MI), the Alternative Capital Market organised and managed by Borsa Italiana S.p.A. On 18 July Intred Telecomunicazioni S.p.A. rings the bell at Borsa Italiana.

2018 RESULTS



1.4 RELIABLE, FAST AND BUSINESS-ORIENTED /MISSION AND VALUES

Intred pursues the objective of developing its high-speed connection network in Northern Italy, boosting sales through sales staff employed by the company on permanent contracts.

The company's strengths:

- consolidated presence in its geographical area of operation (the Lombardy Region), which has the best financial profile and the highest economic potential;
- profitable business model based on long-term customer relationships: 95.4% of turnover comes from recurring revenue;
- wide range of services: broadband and ultra-broadband connectivity, wireless connectivity, landline telephony and cloud services;
- large customer base (total customers in 2018 of around 26,000);
- widespread coverage, with a network extending over 1,950 km;
- technologically advanced and redundant network infrastructure, managed by in-house staff holding the best certifications in the TLC field;
- the current network, which uses Cisco Systems and Huawei equipment, provides around 26,000 data lines and 7,000 voice lines but is designed to support around three times as many.

1.5 A LEADER IN FACT /INTRED IN NUMBERS



1,950 km
1,950 km of optical fibre and 130 POPs in the area



26,268
data users at the end of 2018



€ 28M
of Capex since the company was founded



80
qualified staff



23
years of advanced experience in telecommunications



93.6%
customer satisfaction index

1.6 ALWAYS ONE STEP BEYOND THE FUTURE /CORPORATE STRATEGY

A FUTURE FOCUSED ON THE CONSTANT EXPANSION OF THE OPTICAL FIBRE NETWORK, THE GROWTH OF ULTRA-BROADBAND, THE CONSOLIDATION OF THE RESIDENTIAL CUSTOMER BASE THROUGH THE EIR BRAND AND THE SIGNING OF STRATEGIC PARTNERSHIPS.

Intred's operating structure and business model are based on an offering, in terms of both infrastructure and services, that follows an approach combining dynamism and cutting-edge technology. The entrepreneurial foresight of its management and careful, innovation-driven planning of infrastructure and investments now allow the company to rely on a network that is widely distributed across Lombardy. The pillars on which Intred's success has progressively been built are clear and can be summarised in a few key points.

- Operational focus on a deliberately limited geographical area, so as to avoid wasting resources and guarantee a support service suited to the needs of the business market;
- The creation of a qualified and dedicated sales team, made up of young and properly trained people, motivated by the prospect of a long-term relationship with the company;
- The organisation of a new-generation optical fibre network ensuring the widest possible coverage of the area served, thanks to a proprietary infrastructure and a new ULL network made up of exchanges located in all municipalities with more than 6/7,000 inhabitants;
- The development of the residential market in order to have a complete offering and consequently speed up the return on the infrastructure investment in each local exchange.

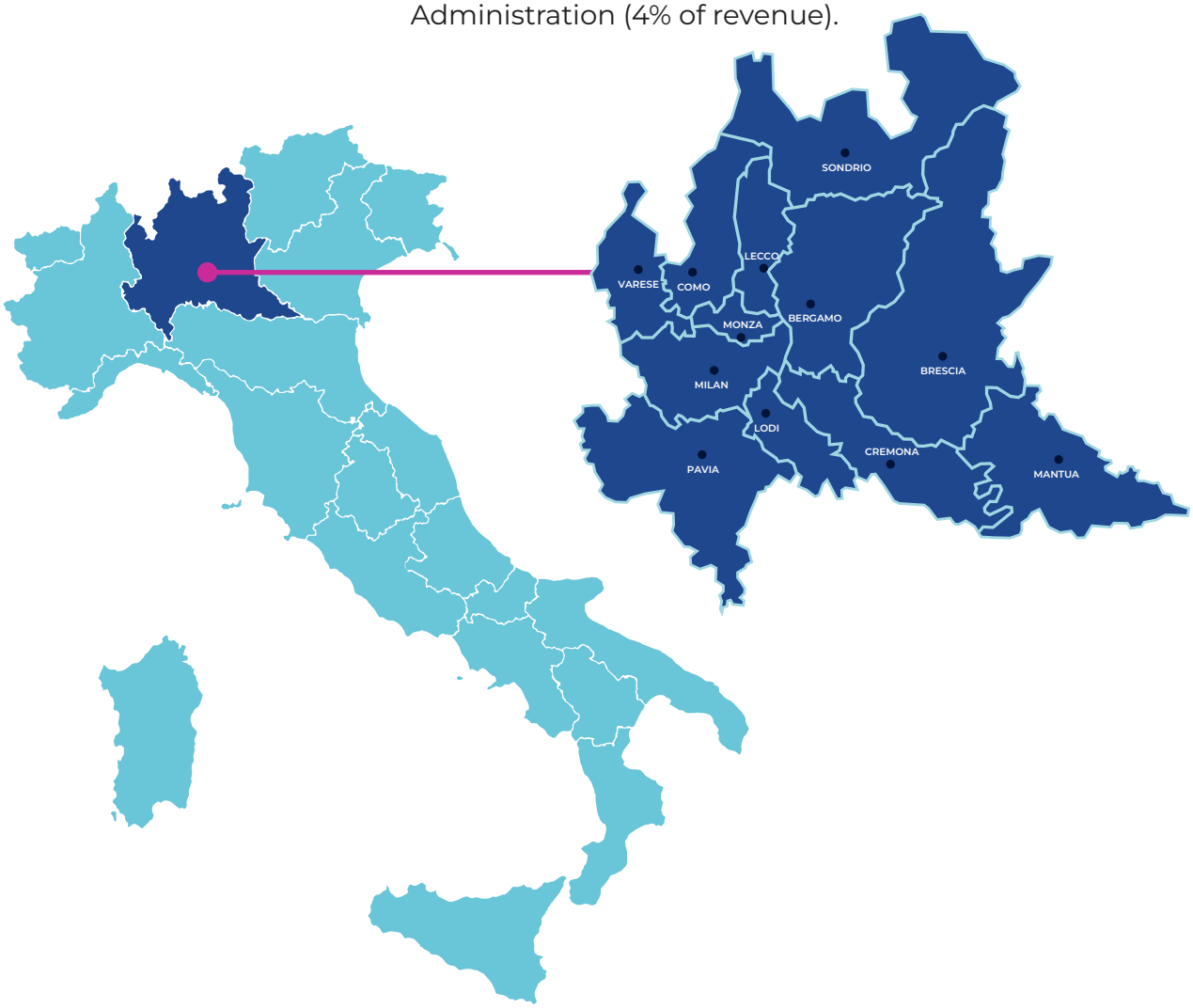
In the coming years Intred will pursue a strategy of organic growth by strengthening its proprietary optical fibre network in order to further increase its extent and territorial reach. This will make it possible to expand the user base and achieve more competitive selling prices, as a direct consequence of optimising the connection costs of each individual user.
Looking ahead, Intred's future development will follow clear and carefully considered lines:

- The development of Ultra Wideband connectivity, through divestment from broadband connectivity and the use of the proprietary network;
- The extension of the fibre network through contracts granting rights of use (IRU) to the main telecommunications operators;
- Increased network performance by replacing copper and ADSL with FTTC and FTTH technologies;
- Growth of the residential customer segment through the EIR brand;
- Identification of potential counterparties and/or companies with a view to acquisitions and partnerships supporting the development of the network.

1.7 WHERE BUSINESS HAPPENS
/INTRED'S AREA OF OPERATION

Intred has chosen to concentrate its activities within a localised geographical perimeter, so as to optimise every operational effort and direct its infrastructure investments as effectively as possible, thanks to the rational use of the resources deployed and careful profiling of the user base the company targets.

The company's area of activity covers the Lombardy region.
The local economy, historically characterised by entrepreneurial initiative, has naturally shaped the map of Intred's customer base, in which Business Users generate the largest share of revenue (54%), followed by residential users under the EIR brand (29% of revenue), the Wholesale sector (13% of revenue) and the Public Administration (4% of revenue).

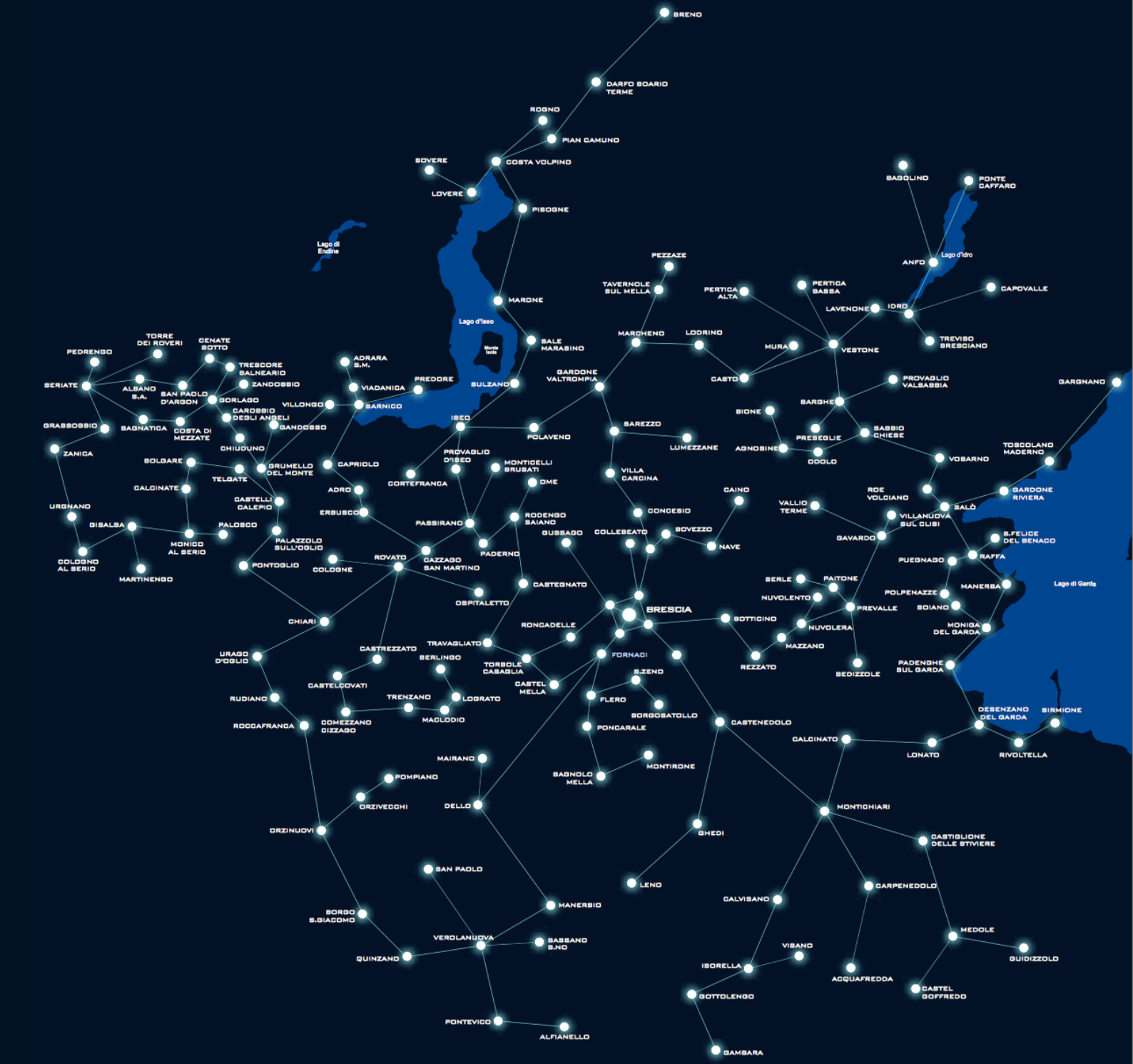


1.8 GROWTH TRAVELS ON THE NETWORK
/INTRED'S OPTICAL FIBRE

THE DEVELOPMENT OF THE OPTICAL FIBRE NETWORK: SERVICES IMPROVED THROUGH THE USE OF THE MOST ADVANCED METRO ETHERNET TECHNOLOGIES AND THE IMPLEMENTATION OF FIBER TO THE CABINET AND FIBER TO THE HOME.

Moving rapidly towards development. Thanks to the advent of optical fibre, an ever-increasing amount of data travels, practically in real time, from one point of the globe to another. An essential medium and an advantage unthinkable only a few decades ago, which enables individuals and businesses to use advanced services and to benefit from an unprecedented lever for development. Choosing optical fibre means securing the long-term value of the investment, because the high scalability of the network makes it possible to cope with growing data connection needs without modifying the infrastructure.

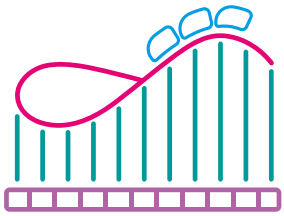
The network that Intred makes available to its customers meets the highest standards of modernity and innovation. At the end of 2018 it comprised almost 2,000 km of cables widely distributed across the region, forming a proprietary infrastructure that is constantly expanding and designed to deliver top-level performance. The network is highly redundant in terms of geography and of the active equipment used; the network access points are reached by optical fibre over diverse geographical routes.
The quality of Intred's offering is guaranteed by the experience and professionalism of qualified staff: the NOC (Network Operations Center) continuously monitors all network parameters in order to carry out regular preventive maintenance, which leads to fewer faults and rapid identification of problems and their solutions.



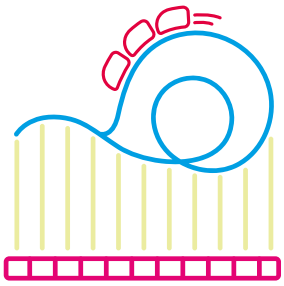
More than 1,950 km of optical fibre

/ADVANCED TECHNOLOGY GUARANTEEING MAXIMUM EFFICIENCY

The reliability of Intred's optical fibre network is guaranteed by the use of latest-generation devices and of the most advanced METRO Ethernet technologies.
Intred is developing its network in Fiber To The Cabinet and Fiber To The Home mode.

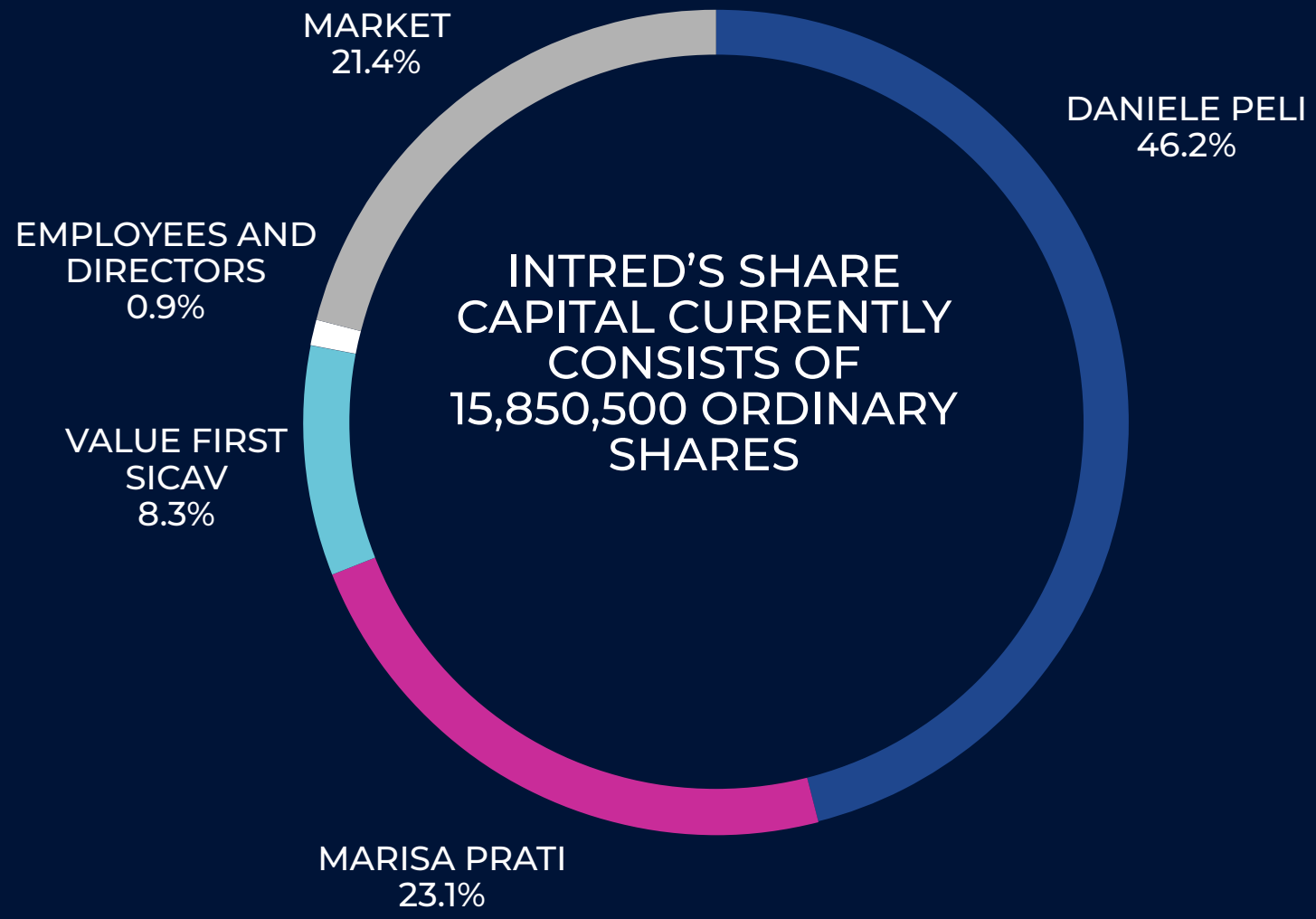


The **FTTC** (Fiber To The Cabinet) service consists of an optical fibre link reaching the local cabinet (Street Cabinet) and a copper link running from this cabinet to the customer's premises. Thanks to the short length of the copper section and to new-generation transmission technologies, relatively high bandwidths, and therefore browsing speeds, can be achieved. Ideal for meeting the needs of companies that require stable solutions, offering higher performance than is possible with traditional technologies, and guaranteed service continuity, the FTTC connection can be activated immediately in the areas covered by the Intred network.



The **FTTH** (Fiber To The Home) service consists of a dedicated Point-to-Point link entirely in optical fibre from Intred's network to the customer's premises. It is the highest-performance connection on the market and can support advanced ICT applications, share services between distant company sites and make data hosted on external servers easily accessible. All the FTTH connection profiles offered by Intred have contractually defined SLAs and feature symmetrical bandwidth, with solutions of up to 100 Mbps and beyond on a project basis.
Ideal for organisations that handle large amounts of data and need high-performance, stable links with guaranteed service continuity, Intred's FTTH connection requires infrastructure to be laid and can be activated after a free feasibility study.

1.9 A STRONG SHAREHOLDING /INTRED'S SHAREHOLDERS



1.10 GOVERNANCE /THE BOARD OF DIRECTORS

EXPERTISE, IN-DEPTH KNOWLEDGE OF THE SECTOR AND PROFESSIONALISM. A TEAM CAPABLE OF DRIVING THE COMPANY TOWARDS EVER MORE AMBITIOUS GOALS, WITH A FOCUS ON DEVELOPING HUMAN RESOURCES.



DANIELE PELI
Chairman and
Chief Executive Officer



MARISA PRATI
Director



ADALBERTO SALVI
Director



RENZO TORCHIANI
Director



ALESSANDRO TRIBOLDI
Independent Director

/MANAGEMENT



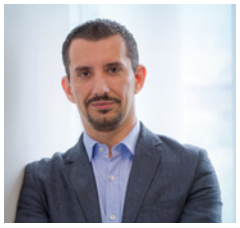
DANIELE PELI
CEO



MARCO EFREM CARELLINI
Technical Manager



FILIPPO LEONE
CFO



MANUEL METELLI
Purchasing Manager



GIULIA PELI
Marketing Manager



ROBERTA POLI
HR & CRM Manager



EGON ZANAGNOLO
Sales Manager

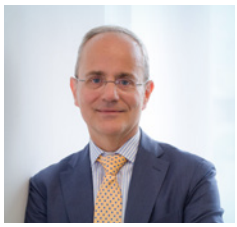
/STATUTORY AUDITORS



VITTORIO GIONGO
Chairman



SALVATORE CAPATORI
Standing Auditor



GIOVANBATTISTA LECHI DI BAGNOLO
Standing Auditor

LUCA LOCATELLI
Alternate Auditor

FABRIZIO GIOVANNI ZANOLINI
Alternate Auditor

/THE INDEPENDENT AUDITORS

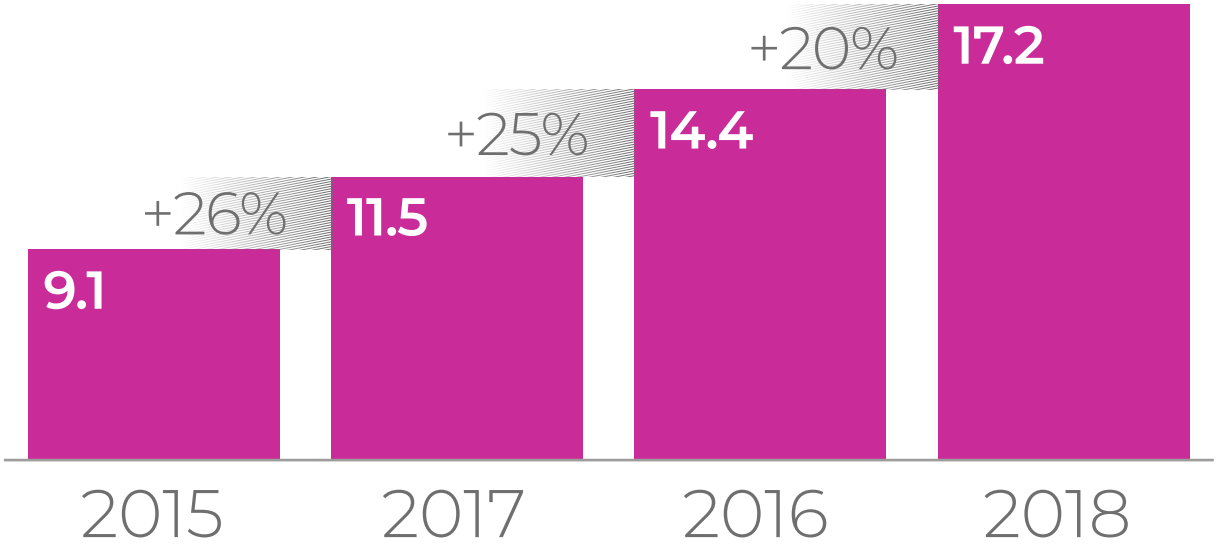
BDO ITALIA S.P.A

1.11 A LEADING PERFORMANCE /FINANCIAL HIGHLIGHTS

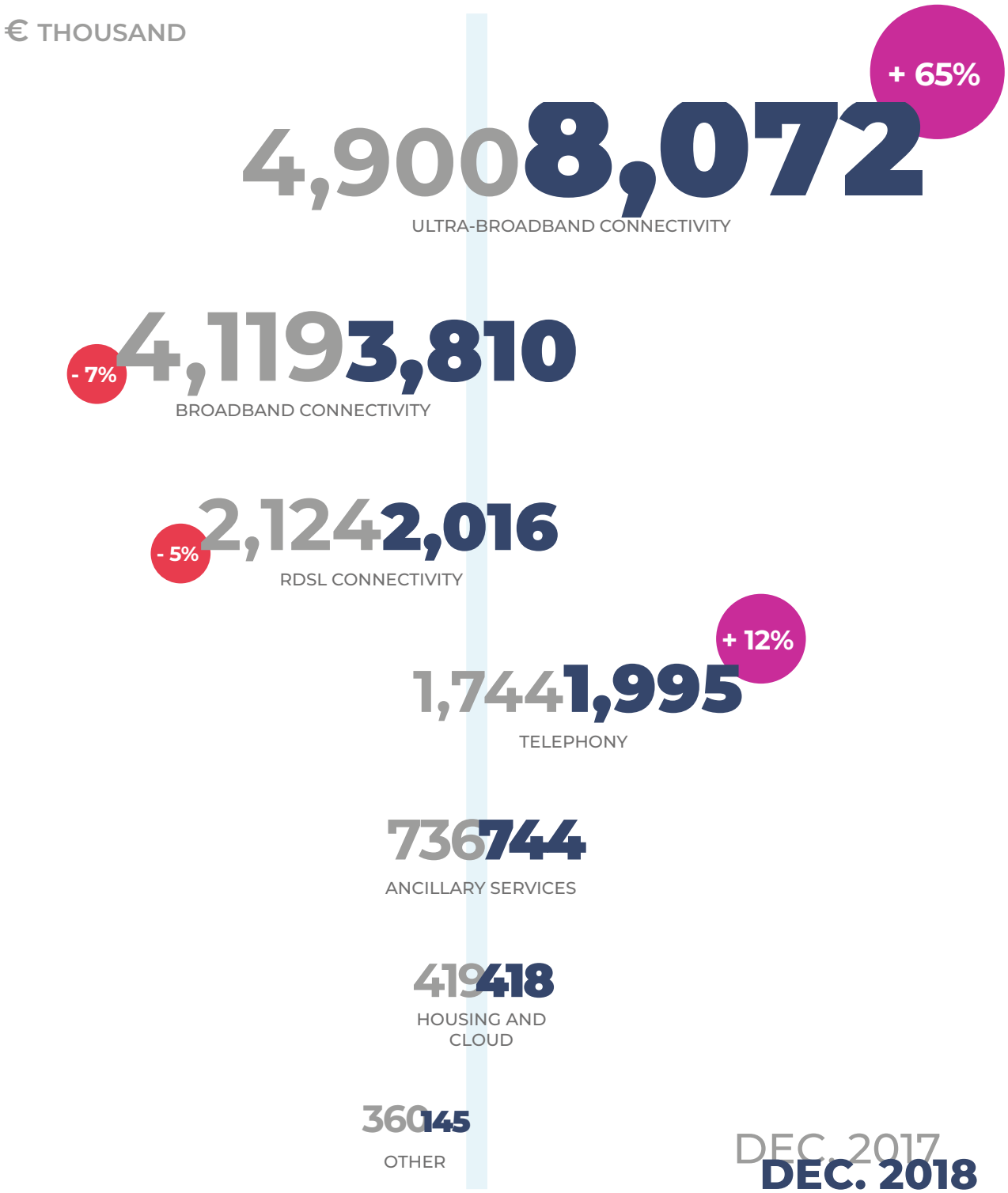
The figures for Intred's economic and business performance outline the profile of a company geared towards development based on the constant upgrading of its technological infrastructure, combined with a commercial strategy focused on clear and well-defined objectives.

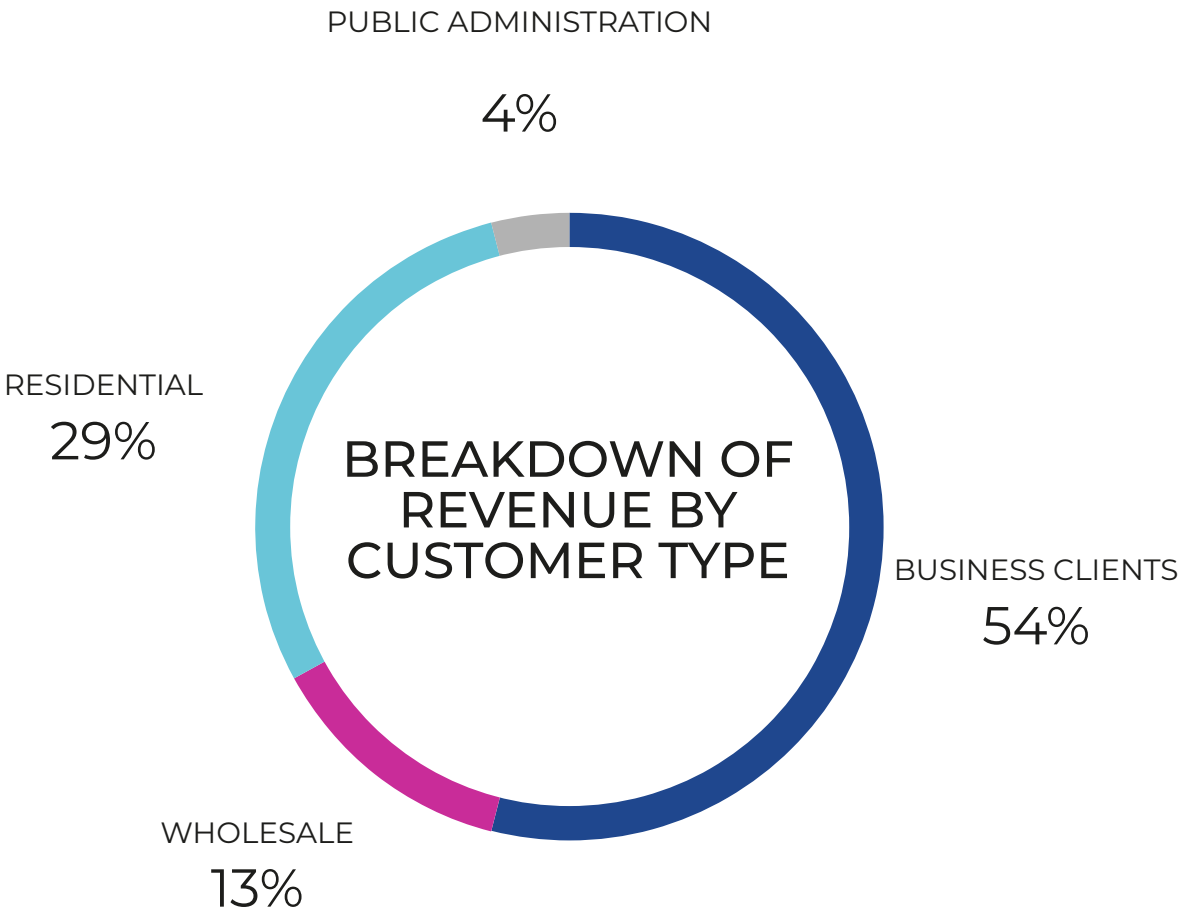
Euro/million	2015	2016	2017	2018	CAGR '15-'18
Value of Production	9.3	11.8	14.7	17.9	24.1%
EBITDA	2.4	4.0	5.7	6.8	39.9%
EBITDA margin	26.2%	33.8%	38.5%	38.1%	
EBIT	1.3	2.3	3.5	4.1	45.8%
EBIT margin	14.4%	19.9%	23.8%	23.4%	
Net Result	0.8	1.6	2.5	3.2	54.7%
Net Financial Debt	5.2	2.4	4.0	-6.6	
Shareholders' Equity	5.2	6.9	9.4	22.6	62.4%

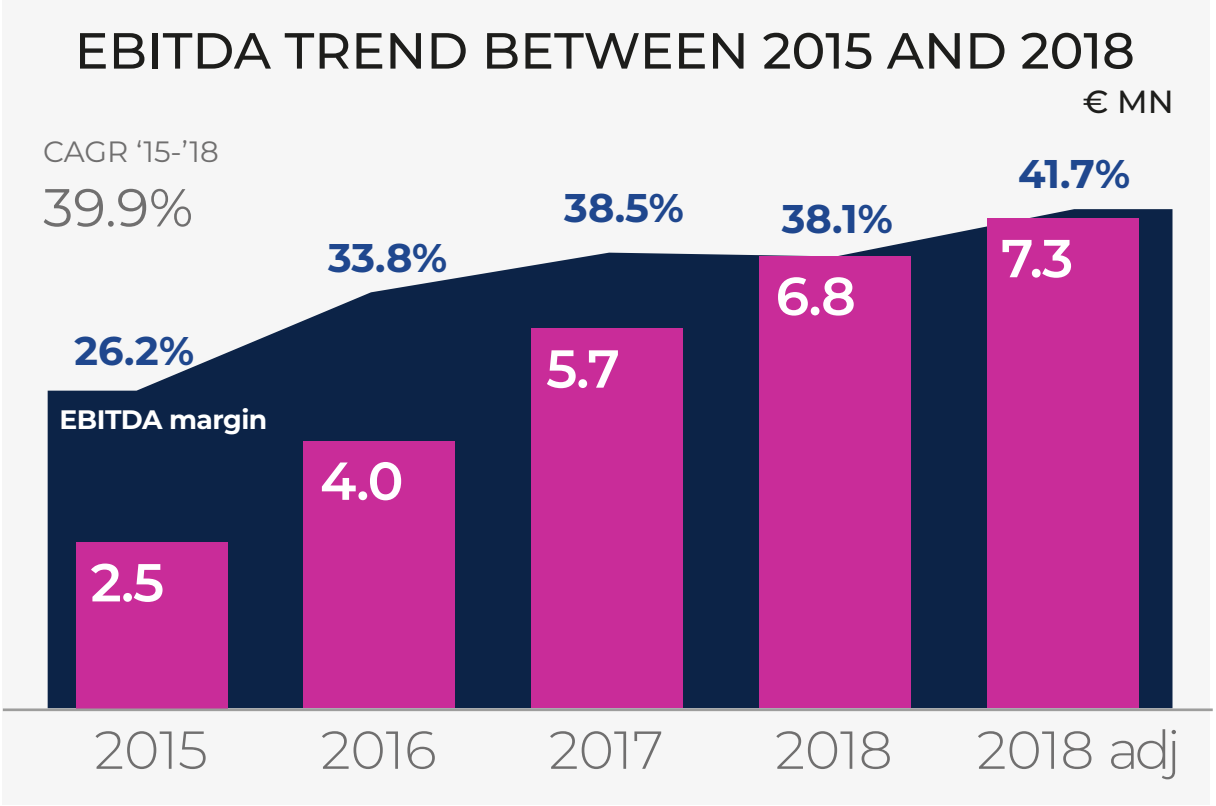
REVENUE GROWTH BETWEEN 2015 AND 2018



The increase in turnover in 2018, as in previous years, was driven by sales of FTTH and FTTC ultra-broadband lines (+ 65%); telephony services also grew (+12%).




PUBLIC ADMINISTRATION
4%
RESIDENTIAL
29%
BREAKDOWN OF REVENUE BY CUSTOMER TYPE
BUSINESS CLIENTS
54%
WHOLESALE
13%


EBITDA TREND BETWEEN 2015 AND 2018
€ MN
CAGR '15-'18
39.9%
26.2%
33.8%
38.5%
38.1%
41.7%
EBITDA margin
2.5
4.0
5.7
6.8
7.3
2015
2016
2017
2018
2018 adj

A GROWTH STRATEGY COMBINING THE STRENGTHENING OF TECHNOLOGY AND INFRASTRUCTURE, THE EXPANSION OF THE USER BASE AND DYNAMIC, WIDESPREAD COMMERCIAL OPERATIONS.

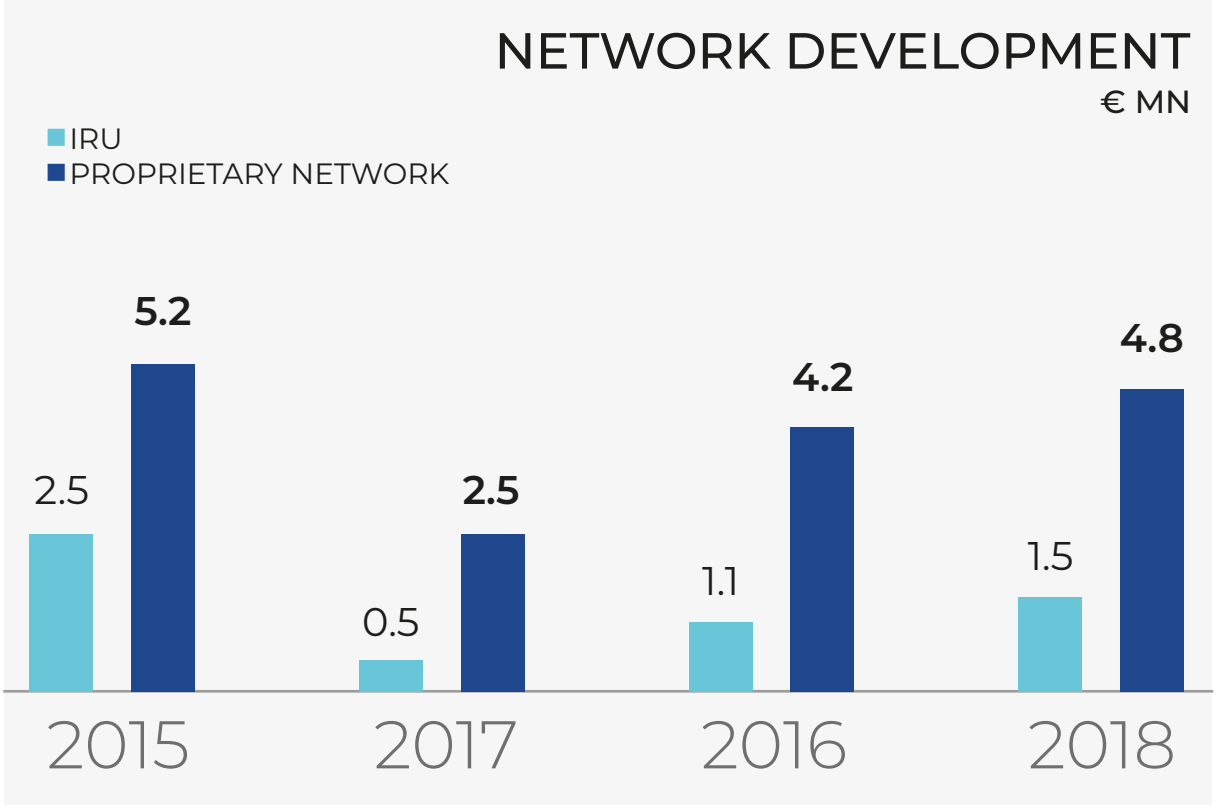
Investments

Intred has built its growth on a targeted commitment to improving its optical fibre network. Around 28 million euro has been invested for this purpose since the company was founded, of which 6.5 million euro in 2018 alone, equivalent to over 35% of revenue, was directed towards the development of FTTC and FTTH networks in Lombardy. Most of the investments aimed at improving and expanding the infrastructure networks consist of tangible fixed assets (73.4%), relating to network development, and intangible fixed assets, represented by the acquisition of rights of use for optical fibre and ducts (IRU) (23.6%).

The future

25 million euro of investments planned over the next two years, using:

- The capital increase carried out at the IPO, amounting to 9.5 million, net of costs;
- Solid operating cash generation;
- Debt, if necessary.



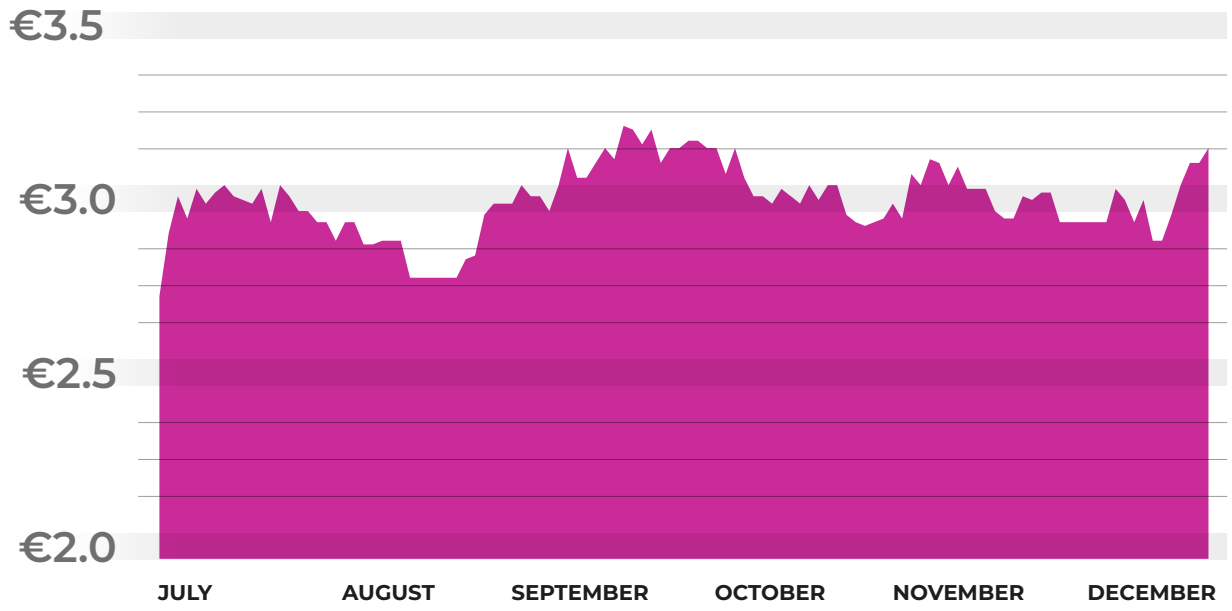
1.12 A HIGHLY SATISFYING IPO
/THE STOCK MARKET LISTING*

AN INEVITABLE STEP FOR A COMPANY THAT WANTS TO LOOK TO THE FUTURE WITH FINANCIAL STRENGTH MATCHING ITS EXPANSION PLANS, AND A SIGN OF GREAT CONFIDENCE ON THE PART OF INVESTORS.

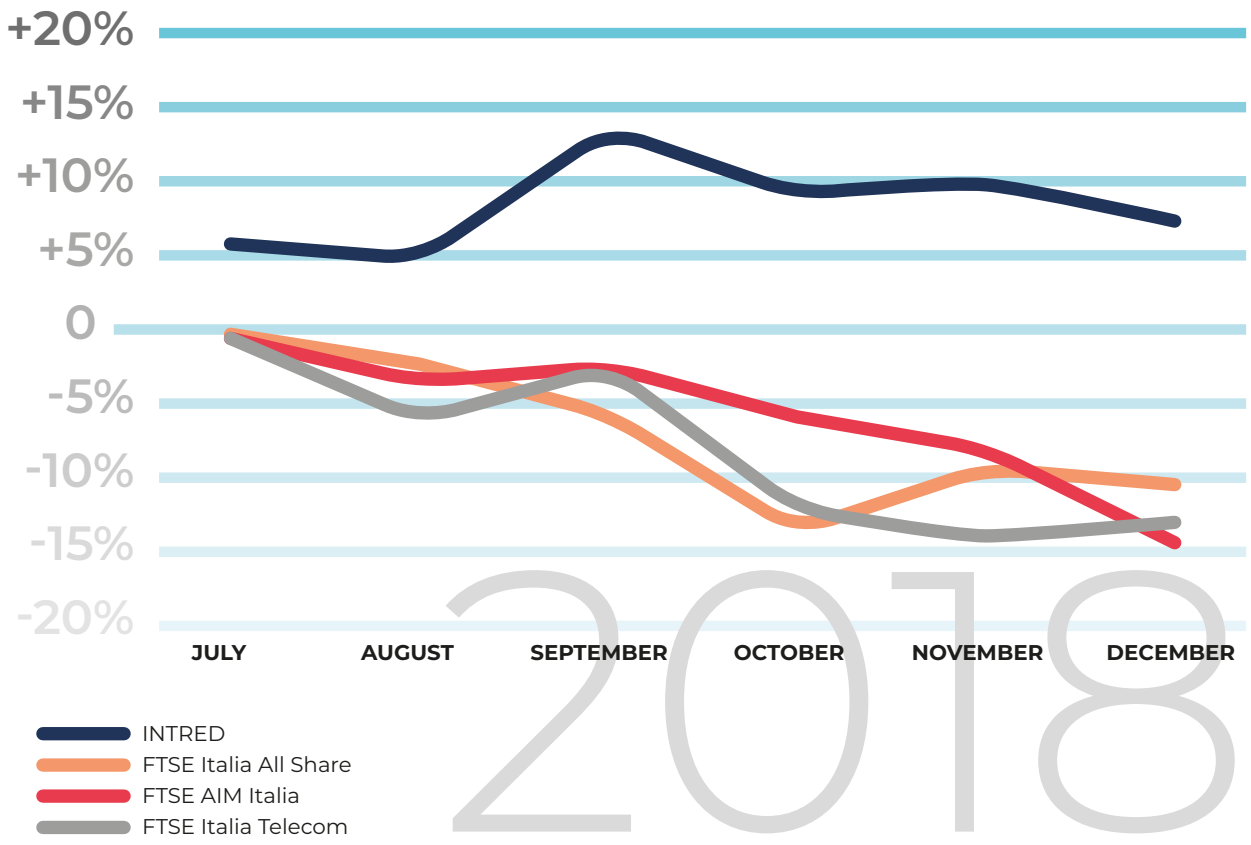
18 July 2018 was a crucial day in Intred's corporate life. On that day the company began trading its ordinary shares on AIM Italia, the Alternative Capital Market organised and managed by Borsa Italiana. The shares recorded an opening price of 2.95 Euro, closing the session at Euro 2.70, up 18.94% on the placement price. On the opening day alone, a total of 511,000 shares were traded on the market, for a total value of around 1.4 million euro. The placement price of the ordinary shares was set at Euro 2.27, giving the Company a capitalisation at the start of trading of around Euro 36 million and a free float of 18.6% of the company's share capital.

**In the listing process Intred was assisted by Integrae SIM (Nominated Adviser and Joint Global Coordinator), Banca Profilo (Joint Global Coordinator), Credito Lombardo Veneto (Co-lead manager), Banca Valsabbina (Co-lead manager), Gianni, Origoni, Grippo, Cappelli & Partners (Legal Advisor), BDO (Independent Auditors), EpYon Audit & Consulting (firm responsible for the financial due diligence and the working capital statement), Studio Tributario Societario Internazionale (Tax Advisor) and CDR Communication (Investor and Media Relations).*

SHARE PRICE



SHARE PERFORMANCE



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

2.1.1 COMPANY INFORMATION

Dear Shareholders, the Notes to the financial statements provided you with information on the financial statements at 31/12/2018; in this document, in accordance with Article 2428 of the Italian Civil Code, we provide you with information on the position of your company and on the performance of its operations. This report, drawn up with amounts expressed in units of Euro, accompanies the financial statements in order to provide information on the company's earnings, financial position, cash flows and operations, supplemented, where possible, by historical data and forward-looking assessments.

For your company, 2018 was a decidedly positive year. The value of production increased by 21% (+ €3.1 million) compared with the previous year, reaching €17.88 million, and at the same time all the intermediate economic indicators improved significantly: EBITDA: 38.1% of production, amounting to €6.80 million (up 19.4% on 2017); operating result (EBIT): 23.4% of production, amounting to €4.19 million (up 18.8% on 2017); net result: 17.9% of production, amounting to €3.20 million (up 26.4% on 2017); CASH FLOW: 32.6% of production, amounting to €5.82 million (up 19.8% on 2017); the Net Financial Position is positive at €6.6 million, compared with a negative €4.1 million at 31 December 2017, thanks to the capital increase in connection with the listing and to strong cash generation.
Further ratios are shown in the tables below.

LISTING ON THE AIM ITALIA MARKET/ MERCATO ALTERNATIVO DEL CAPITALE, ORGANISED AND MANAGED BY BORSA ITALIANA S.P.A.

In July 2018 the Company successfully completed its listing on the AIM market of Borsa Italiana, placing 30.7% of its share capital with institutional and private investors at an initial price of €2.27 per share. The transaction took place through a capital increase and the value of the placement amounted to Euro 11,000,660, of which around Euro 1 million (at the placement price) relating to the Greenshoe option granted by the shareholders. The placement generated total demand of more than 2.5 times the quantity offered, from leading Italian investors. In particular, First Capital S.p.A., a financial holding company specialising in Private Investments in Public Equity and Private Equity,

focused on Small-Medium Enterprises, through the vehicle Value First Sicaf S.p.A., entered Intred's share capital as Anchor Investor with a stake of 8.34%, thereby becoming a Significant Shareholder under the AIM Italia Rules. The free float amounts to 21.4%.

The Company, confident in its earnings capacity, also undertook at the IPO to achieve a 2018 EBITDA target of euro 6.5 million net of the effects of the listing process; if the above threshold had not been reached, a PAS (Price Adjustment Share) clause provided for the progressive cancellation of up to 15.6% of the shares held by the historical shareholders; on the basis of the unadjusted results, the excellent performance for the year should be noted, which marks the full achievement and surpassing of the target set.

To highlight the effect of this transaction on the financial statements for the year, a separate paragraph presents a condensed reclassified income statement showing the normalised situation, excluding the costs incurred and the income arising from the application for the listing tax credit provided for by the 2018 Budget Law.

THE COMPANY AND THE SERVICES OFFERED

INTRED is a medium-sized telecommunications operator, well structured and organised from a technical and commercial point of view. Its flexibility and strong determination to win new market share, combined with its widespread, new-generation proprietary optical fibre network, allow the company to compete on equal terms with the main operators in the sector, providing its customers with a complete range of services: broadband and ultra-broadband connectivity, wireless connectivity, landline telephony, cloud services and connectivity for residential users.

In 2010 the company's management took the strategic decision to create a widespread new-generation fixed network based on optical fibre in the province of Brescia. Two years later this initiative led INTRED to enter the residential TLC market, until then unexplored, with the dedicated EIR brand, in order to optimise the substantial investments required to build the proprietary network.

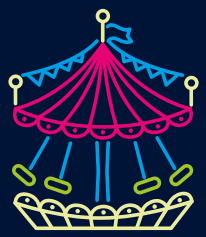
The "*Broadband connectivity*" category includes ADSL and HDSL connections over copper cable, which deliver bandwidth of up to 20 Mbps. This type of link uses Telecom Italia's last mile. It is still the most widespread connection method in Italy, used for around 15 years and with coverage of close to 99% of the national territory. It is expected that over the next 4/5 years connections based on optical fibre (FTTC and FTTH) will almost completely replace connections using XDSL technology.

As regards the *"Ultra-broadband connectivity"* category, the Internet access network is developing with two different technologies: FTTH (fiber to the home), where optical fibre is taken directly to the end user; FTTC (fiber to the cabinet), where the fibre reaches the street cabinet and the copper pair starting from the Telecom Italia cabinet (last eighth of a mile) is used to reach the end user with VDSL2 technology.

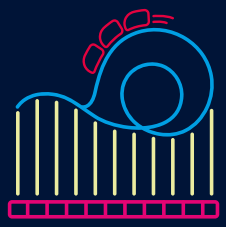
The *"RDSL connectivity (wireless)"* service is provided in areas not adequately covered by XDSL and optical fibre, or in areas requiring backup connections as an alternative to cable.

As regards the *"Telephony (landline)"* category, INTRED, as a Telephone Operator holding an OLO (Other Licensed Operators) Ministerial Licence, offers and directly manages its own telephone numbers or, in accordance with Resolutions 35/10/CIR (Pure Number Portability) and 274/07/CONS (Activation and migration of access services), can acquire such numbers from other OLOs and from Telecom Italia.
INTRED hosts in its Data Centres its own telephone infrastructure directly interconnected with the national network, through which it provides telephone services via its proprietary ULL (Unbundling Local Loop) network, in WLR (Wholesale Line Rental) or using VoIP (Voice over IP) technology.

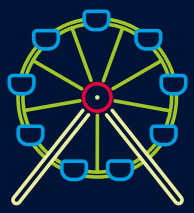
As regards *"Cloud Services"*, since its foundation INTRED has offered hosting services (domain registration, email, web, etc.), housing (hosting of physical servers at our data centres) and virtual servers.
The "*Ancillary Services*" grouping includes the rental of line termination equipment (routers and firewalls), technical support, ancillary fees, etc.



BROADBAND CONNECTIVITY



ULTRA-BROADBAND CONNECTIVITY



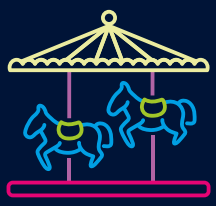
RDSL CONNECTIVITY



LANDLINE TELEPHONY



HOUSING AND CLOUD



ANCILLARY SERVICES

SERVICES OFFERED

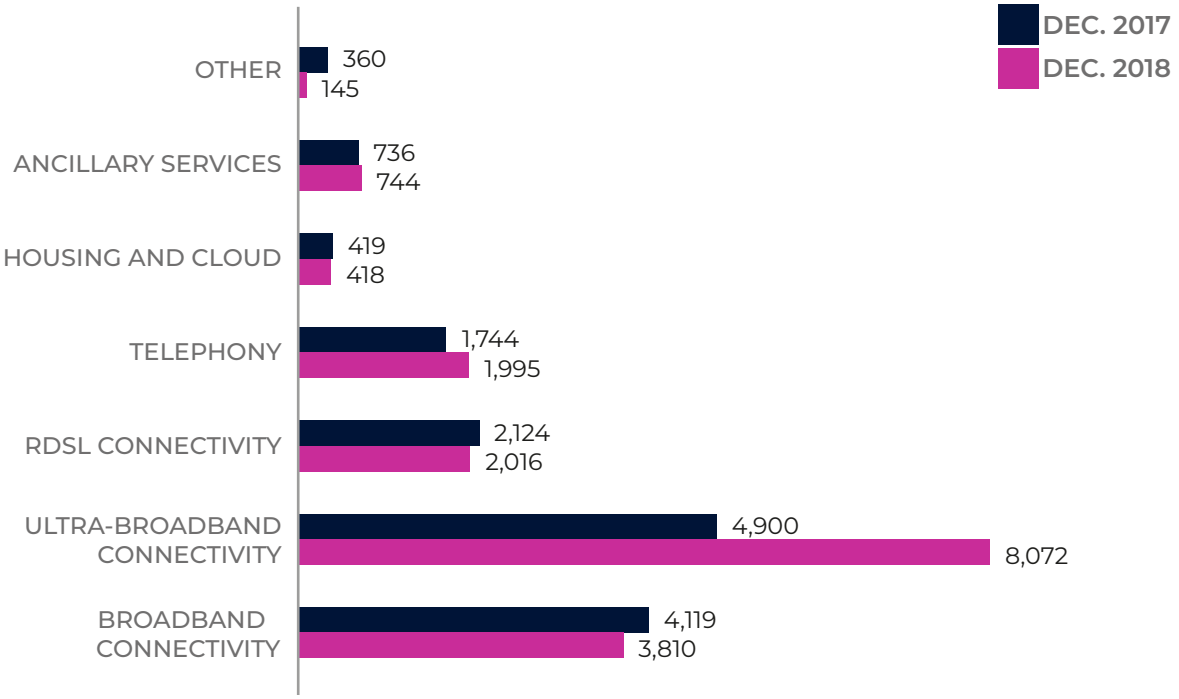
INTRED TELECOMUNICAZIONI

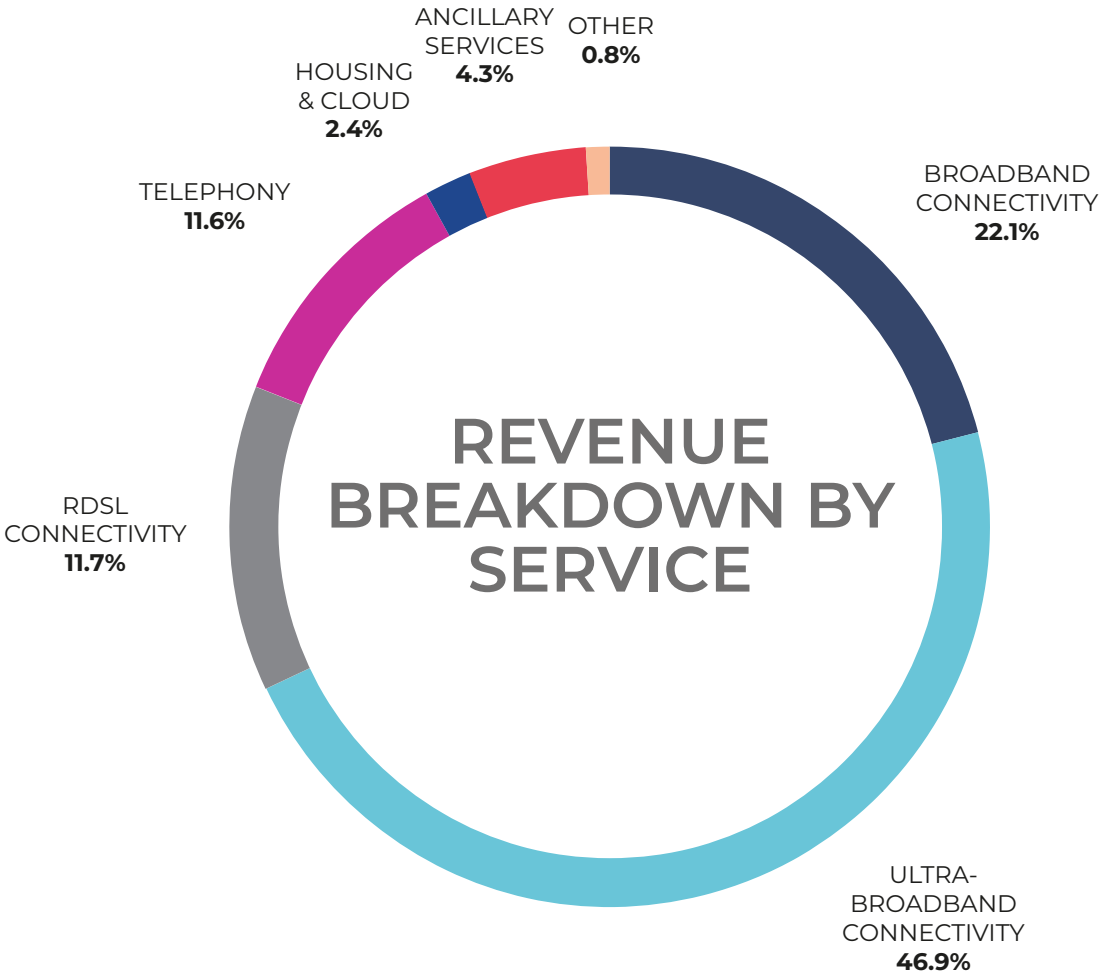
REVENUE

The **value of production** for 2018 amounted to €17.9 million, up 21% on the same period of the previous year. The increase in revenue continues to be driven by sales of fast ultra-broadband connections (FTTH and FTTC), which grew by +65% to Euro 8.0 million. The telephony sector also improved (+12% to Euro 2.0 million), supported by sales of flat-rate commercial packages. Revenue from data centre services (Housing and Cloud) and ancillary services was in line with last year, while the decline in the RDSL sector (-5%) and in traditional broadband based on copper cable connectivity (-7%) is the result of the company's strategy of encouraging its customers to switch to ultra-broadband optical fibre connections.

Two charts are shown below: the first compares 2018 and 2017 turnover by service line, and the second shows the percentage weight of the turnover of each service line in the total.
The ever-increasing development of ultra-broadband, which drives the increase in turnover recorded in 2018, is clearly evident; broadband, on the other hand, is declining as a result of the progressive replacement of technology. It should be noted that more than 95% of turnover comes from recurring fees.

REVENUE BREAKDOWN





INVESTMENTS

Investments in 2018 amounted to euro 6.51 million, concentrated mainly on the development of the optical fibre access network in FTTH and FTTC mode, chiefly in the provinces of Brescia, Bergamo and Mantua.

The largest part of the investments in INTRED's network infrastructure consists of tangible fixed assets (73.4% of the total): civil works for laying the optical fibre networks, an activity normally commissioned from companies specialising in TLC that regularly build infrastructure for various operators; optical fibre cables of various sizes, purchased directly from national manufacturers; street cabinets and manholes, purchased from national manufacturers; electronic network equipment purchased from national and international distributors (Huawei and Cisco Systems); assets worth less than €516, consisting mainly of connection termination equipment, routers and switches (Huawei, Cisco Systems, AVM, etc.), purchased from national and international distributors and capable of independent use.

Another important part of the investments falls under intangible fixed assets (23.6% of the total): this consists mainly of acquisitions of rights of use, in IRU mode (Indefeasible Right of Use) with a duration of 15 years, for dark fibre and/or ducts. These rights were acquired mainly from Telecom Italia and Infratel Italia (an in-house company of the Ministry of Economic Development). These investments made it possible to build network infrastructure at low cost and relatively quickly, with a significant reduction in civil works and in the related timescales for permits from the competent authorities.

MARKETING AND COMMUNICATION

As regards marketing and communication, in 2018 the company again pursued the objective of increasing awareness of the INTRED brand, no longer only in the province of Brescia but extending its reach across Lombardy, positioning the company as a solid, specialised and cutting-edge organisation able to earn the market's trust, and highlighting that the laying of its own optical fibre is a strategic distinguishing feature. Significant resources were devoted to marketing activities aimed at spreading the EIR brand in the residential market and at its values-based positioning, focusing on the

characteristics that set us apart from national competitors, such as local presence and transparent contractual conditions, and laying the foundations for building Brand Awareness.
Various media were used to promote the marketing actions, including large billboards and publications in local newspapers. As in the previous year, marketing campaigns were run on local radio and television; other significant resources were invested in promotional activities on social media such as Facebook, Linkedin and Google.

SIGNIFICANT EVENTS

Last July the company successfully completed the process for the admission to trading of its ordinary shares on the AIM Italia / Mercato Alternativo del Capitale multilateral trading facility.
On the basis of the defined growth strategy and in support of its geographical expansion plans in Lombardy, agreements were concluded on favourable terms with TIM for the purchase of 500 km of network infrastructure and with Open Fiber for the purchase of dark fibre in order to reach a larger number of property units with FTTH (Fiber to the home) connections.

MANAGEMENT AND COORDINATION

Pursuant to paragraph 5 of Article 2497-bis of the Italian Civil Code, it is hereby confirmed that the company is not subject to management and coordination by another entity.

2.1.2 NORMALISED INCOME STATEMENT

INCOME STATEMENT

	31/12/2018	%	31/12/2018 NORMALISED	%	31/12/2017	%
REVENUE FROM SALES	**17,201,907**	**96.2%**	**17,201,907**	**98.5%**	**14,401,715**	**97.5%**
Other revenue	681,325	3.8%	265,317	1.5%	375,126	2.5%
VALUE OF PRODUCTION	**17,883,232**	**100.0%**	**17,467,224**	**100.0%**	**14,776,841**	**100.0%**
Raw materials	122,384	0.7%	122,384	0.7%	310,607	2.1%
Services	3,357,104	18.8%	2,468,743	14.1%	2,252,921	15.2%
Use of third-party assets	4,661,197	26.1%	4,661,197	26.7%	3,698,975	25.0%
Other operating expenses	345,371	1.9%	345,371	2.0%	490,767	3.3%
TOTAL COSTS	**8,486,056**	**47.5%**	**7,597,695**	**43.5%**	**6,753,270**	**45.7%**
VALUE ADDED	**9,397,176**	**52.5%**	**9,869,529**	**56.5%**	**8,023,571**	**54.3%**
Personnel costs	2,590,482	14.5%	2,590,482	14.8%	2,327,206	15.7%
EBITDA	**6,806,694**	**38.1%**	**7,279,047**	**41.7%**	**5,696,365**	**38.5%**
Depreciation and write-downs	2,616,628	14.6%	2,616,628	15.0%	2,172,077	14.7%
EBIT	**4,190,066**	**23.4%**	**4,662,419**	**26.7%**	**3,524,288**	**23.9%**
Financial income and expenses	31,797	0.2%	31,797	0.2%	54,487	0.4%
EBT	**4,158,269**	**23.3%**	**4,630,622**	**26.5%**	**3,469,801**	**23.5%**

The normalised situation does not take into account the income arising from the application for the listing tax credit, amounting to euro 416 thousand, or the costs incurred in relation to the AIM listing project, both preparatory to the admission and trading phase and relating to the subsequent phase of remaining on the market, totalling euro 888 thousand.
The adjusted EBITDA therefore amounts to euro 7.27 million, up euro 1.58 million on the previous year (+27.7%); the EBITDA margin percentage also rises significantly, from 38.5% in 2017 to 41.7% in 2018.

2.1.3 STATEMENT OF FINANCIAL POSITION

To provide a better understanding of the company's financial position, a reclassified Balance Sheet is set out below, both in the version showing the net financial position and in the Sources and Uses version.

BALANCE SHEET

	FY 2018	%	FY 2017	%	ABS. CHANGE	%
Trade receivables	3,096,708	19.3%	3,581,536	26.5%	-484,828	-13.5%
Other assets	1,015,930	6.3%	1,127,902	8.3%	-111,972	-9.9%
Accruals and deferrals	343,697	2.1%	497,114	3.7%	-153,417	-30.9%
CURRENT ASSETS	**4,456,335**	**27.7%**	**5,206,552**	**38.5%**	**-750,217**	**-14.4%**
Trade payables	-5,061,557	-31.5%	-4,486,928	-33.2%	-574,629	12.8%
Advances	-3,515	0.0%	-1,632	0.0%	-1,883	115.4%
Tax position	269,471	1.7%	-362,193	-2.7%	631,664	-174.4%
Accruals and deferrals	-4,477,577	-27.9%	-4,124,317	-30.5%	-353,260	8.6%
Other liabilities	-507,130	-3.2%	-426,408	-3.2%	-80,722	18.9%
CURRENT LIABILITIES	**-9,780,308**	**-60.9%**	**-9,401,478**	**-69.6%**	**-378,830**	**4.0%**
NET WORKING CAPITAL	**-5,323,973**	**-33.1%**	**-4,194,926**	**-31.0%**	**-1,129,047**	**26.9%**
Intangible fixed assets	4,856,910	30.2%	3,735,240	27.6%	1,121,670	30.0%
Tangible fixed assets	16,990,967	105.8%	14,379,135	106.4%	2,611,832	18.2%
Financial fixed assets	114,412	0.7%	99,785	0.7%	14,627	14.7%
TOTAL FIXED ASSETS	**21,962,289**	**136.7%**	**18,214,160**	**134.8%**	**3,748,129**	**20.6%**
Employee severance indemnity (TFR)	-552,736	-3.4%	-477,415	-3.5%	-75,321	15.8%
Provisions for risks and charges	-22,168	-0.1%	-25,863	-0.2%	3,695	-14.3%
NET INVESTED CAPITAL	**16,063,412**	**100.0%**	**13,515,956**	**100.0%**	**2,547,456**	**18.8%**
Share capital	-10,000,000	-62.3%	-3,810,000	-28.2%	-6,190,000	162.5%
Reserves	-9,441,552	-58.8%	-3,091,454	-22.9%	-6,350,098	205.4%
Profit for the year	-3,208,734	-20.0%	-2,537,708	-18.8%	-671,026	26.4%
SHAREHOLDERS' EQUITY	**-22,650,286**	**-141.0%**	**-9,439,162**	**-69.8%**	**-13,211,124**	**140.0%**
Cash and cash equivalents	9,651,093	60.1%	1,087,843	8.0%	8,563,250	787.2%
Bank borrowings - within 12m	-1,252,305	-7.8%	-1,906,043	-14.1%	653,738	-34.3%
Bank borrowings - after 12m	-1,811,914	-11.3%	-3,258,594	-24.1%	1,446,680	-44.4%
NET FINANCIAL POSITION	**6,586,874**	**41.0%**	**-4,076,794**	**-30.2%**	**10,663,668**	**261.6%**

BALANCE SHEET – SOURCES AND USES

USES	FY 2018	%	FY 2017	%	ABS. CHANGE	%
Cash	793	0.0%	999	0.0%	-206	-20.6%
Bank current accounts	9,650,300	26.4%	1,086,844	4.4%	8,563,456	787.9%
IMMEDIATE LIQUIDITY	**9,651,093**	**26.4%**	**1,087,843**	**4.4%**	**8,563,250**	**787.2%**
Trade receivables	3,096,708	8.5%	3,581,536	14.6%	-484,828	-13.5%
Tax receivables	507,249	1.4%	49,739	0.2%	457,510	919.8%
Other receivables	1,015,930	2.8%	1,127,902	4.6%	-111,972	-9.9%
Prepayments and accrued income	343,697	0.9%	497,114	2.0%	-153,417	-30.9%
DEFERRED LIQUIDITY	**4,963,584**	**13.6%**	**5,256,291**	**21.4%**	**-292,707**	**-5.6%**
WORKING CAPITAL	**14,614,677**	**40.0%**	**6,344,134**	**25.8%**	**8,270,543**	**130.4%**
Intangible fixed assets	4,856,910	13.3%	3,735,240	15.2%	1,121,670	30.0%
Tangible fixed assets	16,990,967	46.5%	14,379,135	58.6%	2,611,832	18.2%
Financial fixed assets	114,412	0.3%	99,785	0.4%	14,627	14.7%
FIXED ASSETS	**21,962,289**	**60.0%**	**18,214,160**	**74.2%**	**3,748,129**	**20.6%**
TOTAL USES	**36,576,966**	**100.0%**	**24,558,294**	**100.0%**	**12,018,672**	**48.9%**

SOURCES	FY 2018	%	FY 2017	%	ABS. CHANGE	%
Payables to banks	1,252,305	3.4%	1,906,043	7.8%	-653,738	-34.3%
Payables to customers	3,515	0.0%	1,632	0.0%	1,883	115.4%
Payables to suppliers	5,061,557	13.8%	4,486,928	18.3%	574,629	12.8%
Tax and social security payables	237,778	0.7%	411,932	1.7%	-174,154	-42.3%
Other payables	507,130	1.4%	426,408	1.7%	80,722	18.9%
Accruals and deferred income	4,477,577	12.2%	4,124,317	16.8%	353,260	8.6%
CURRENT LIABILITIES	**11,539,862**	**31.5%**	**11,357,260**	**46.2%**	**182,602**	**1.6%**
Payables to banks	1,811,914	5.0%	3,258,594	13.3%	-1,446,680	-44.4%
Severance indemnity (TFR)	552,736	1.5%	477,415	1.9%	75,321	15.8%
Provisions for risks and charges	22,168	0.1%	25,863	0.1%	-3,695	-14.3%
NON-CURRENT LIABILITIES	**2,386,818**	**6.5%**	**3,761,872**	**15.3%**	**-1,375,054**	**-36.6%**
BORROWED CAPITAL	**13,926,680**	**38.1%**	**15,119,132**	**61.6%**	**-1,192,452**	**-7.9%**
Share capital	10,000,000	27.3%	3,810,000	15.5%	6,190,000	162.5%
Reserves	9,441,552	25.8%	3,091,454	12.6%	6,350,098	205.4%
Profit for the year	3,208,734	8.8%	2,537,708	10.3%	671,026	26.4%
SHAREHOLDERS' EQUITY	**22,650,286**	**61.9%**	**9,439,162**	**38.4%**	**13,211,124**	**140.0%**
TOTAL SOURCES	**36,576,966**	**100.0%**	**24,558,294**	**100.0%**	**12,018,672**	**48.9%**

On the basis of the above reclassification, the following financial statement ratios are calculated:

RATIO	FY 2018	FY 2017	CHANGE %
Fixed asset coverage			
= A) Shareholders' equity / B) Fixed assets	103.13 %	51.82 %	99.02 %
The ratio is used to assess the balance between the company's own capital and its fixed investments			
Financial debt ratio			
= [D.1) Bonds + D.2) Convertible bonds + D.3) Shareholder loans + D.4) Payables to banks + D.5) Payables to other lenders + D.8) Payables represented by credit instruments + D.9) Payables to subsidiaries + D.10) Payables to associates + D.11) Payables to parent companies] / A) Shareholders' Equity	0.14 %	0.55 %	(74.55) %
The ratio measures the relationship between the use of borrowed capital (third-party capital, obtained against payment and subject to repayment) and the use of the company's own funds			
Equity to invested capital			
= A) Shareholders' equity / TOTAL ASSETS	61.92 %	38.44 %	61.08 %
The ratio measures the company's degree of capitalisation and, consequently, its financial independence from third-party financing			
Financial expenses to turnover			
= C.17) Interest and other financial expenses (ordinary portion) / A.1) Revenue from sales and services (ordinary portion)	0.44 %	0.70 %	(37.14) %
The ratio expresses the relationship between financial expenses and the company's turnover			
Primary structure margin			
= [A) Shareholders' Equity - (B) Fixed assets - B.III.2) Receivables (due within the next financial year))]	738,168	(8,725,773)	108.46 %
This is the difference between Net Capital and net Fixed assets. It expresses, in absolute terms, the company's ability to cover its investments in fixed assets with its own funds.			
Net working capital			
= [A) Receivables from shareholders for contributions still due + B.III.2) Receivables (due within the next financial year) + C.I) Inventories + C.II) Receivables (due within the next financial year) + C.III) Financial assets not held as fixed assets + C.IV) Cash and cash equivalents + D) Prepayments and accrued income] - [D) Payables (due within the next financial year) + E) Accruals and deferred income]	3,085,747	(5,004,842)	161.66 %
This is the difference between gross working capital and current liabilities. It expresses in absolute terms the company's ability to meet its short-term commitments with existing liquid resources			

2.1.4 RESULTS OF OPERATIONS

To provide a better understanding of the company's results, a reclassified Income Statement is set out below.

INCOME STATEMENT

	FY 2018	%	FY 2017	%	ABS. CHANGE	%
VALUE OF PRODUCTION	**17,883,232**	**100.0%**	**14,776,841**	**100.0%**	**3,106,391**	**21.0%**
Revenue from sales	17,201,907	96.2%	14,401,715	97.5%	2,800,192	19.4%
Other revenue and income	681,325	3.8%	375,126	2.5%	306,199	81.6%
EXTERNAL COSTS	**8,486,055**	**47.5%**	**6,753,270**	**45.7%**	**1,732,785**	**25.7%**
Purchase of goods	122,384	0.7%	310,607	2.1%	-188,223	-60.6%
Services	3,357,104	18.8%	2,252,921	15.2%	1,104,183	49.0%
Use of third-party assets	4,661,197	26.1%	3,698,975	25.0%	962,222	26.0%
Other operating expenses	345,370	1.9%	490,767	3.3%	-145,397	-29.6%
VALUE ADDED	**9,397,177**	**52.5%**	**8,023,571**	**54.3%**	**1,373,606**	**17.1%**
Personnel costs	2,590,483	14.5%	2,327,206	15.7%	263,277	11.3%
GROSS OPERATING MARGIN	**6,806,694**	**38.1%**	**5,696,365**	**38.5%**	**1,110,329**	**19.5%**
Depreciation and write-downs	2,616,628	14.6%	2,172,077	14.7%	444,551	20.5%
OPERATING INCOME	**4,190,066**	**23.4%**	**3,524,288**	**23.9%**	**665,778**	**18.9%**
Net financial result	-31,691	-0.2%	-53,572	-0.4%	21,881	-40.8%
Financial income	44,308	0.2%	47,883	0.3%	-3,575	-7.5%
Financial expenses	-75,999	-0.4%	-101,455	-0.7%	25,456	-25.1%
Value adjustments to financial assets	-105	0.0%	-915	0.0%	810	-88.5%
INCOME BEFORE TAX	**4,158,270**	**23.3%**	**3,469,801**	**23.5%**	**688,469**	**19.8%**
Taxes	-949,536	-5.3%	-932,093	-6.3%	-17,443	1.9%
NET INCOME	**3,208,734**	**17.9%**	**2,537,708**	**17.2%**	**671,026**	**26.4%**

On the basis of the above reclassification, the following financial statement ratios are calculated:

RATIO	FY 2018	FY 2017	CHANGE %
R.O.E.			
= Profit (loss) for the year / A) Shareholders' equity	14.17 %	26.88 %	(47.28) %
The ratio measures the return on the equity capital invested in the company			
R.O.I.			
= [A) Value of production (ordinary portion) - A.5) Other revenue and income (ordinary portion) - B) Costs of production (ordinary portion) + B.14) Other operating expenses (ordinary portion)] / TOTAL ASSETS	10.54 %	14.82 %	(28.88) %
The ratio measures the profitability and efficiency of the capital invested in relation to the company's core operations			
R.O.S.			
= [A) Value of production (ordinary portion) - B) Costs of production (ordinary portion)] / A.1) Revenue from sales and services (ordinary portion)	24.36 %	24.47 %	(0.45) %
The ratio measures the company's ability to generate profits from sales, i.e. the operating income earned per unit of revenue			
R.O.A.			
= [A) Value of production (ordinary portion) - B) Costs of production (ordinary portion)] / TOTAL ASSETS	11.46 %	14.35 %	(20.14) %
The ratio measures the return on invested capital with reference to the result before financial items			

2.1.5 INFORMATION UNDER ART. 2428 C.C.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Pursuant to the first paragraph of Article 2428 of the Italian Civil Code, a description of the main risks and uncertainties to which the company is exposed is provided below.

STRATEGIC RISKS

Risks associated with the high degree of competition in the market

The Issuer operates in a dynamic, highly competitive environment that places it in competition with the main communications operators active on the Italian market, namely larger companies and industrial groups, including multinationals, and specialised operators with greater financial resources than the Issuer or with particularly well-developed sector-specific expertise enabling them to achieve a better position in the reference market. Should the Issuer, following an increase in the number of its direct competitors, the strengthening of some of them or owing to its lower investment capacity, be unable to maintain its competitive strength in the market, this could have negative effects on the Issuer's market position and growth prospects, as well as on its economic, capital and financial position.

Risks associated with technological change

The electronic communications sector is characterised by rapid technological development and is affected by the competitive pressure arising from technological progress and the rapid obsolescence of the products and services offered by market operators. The Issuer could therefore face sharper competition owing to emerging technologies, such as the fifth-generation wireless network (so-called 5G), which should be implemented from 2020 and which could, in some cases, potentially replace the technology currently used by the Issuer, as well as the products and services that may be introduced in the future. New technologies could in fact limit or reduce the Issuer's business and/or favour the development and growth of competing operators, and this could reduce the competitive advantage the Issuer currently enjoys.

In order to maintain or further improve its competitive position in its reference market, the Issuer strives to continue responding to rapid technological change and to constantly develop the features of its services and products so as to respond promptly to changing market needs. Nevertheless, any inability to make new investments and/or to adapt quickly to technological developments and/or to the introduction of a new technology could affect the Issuer's business and/or results, with negative effects on its economic, capital and financial position, and could also limit its market expansion strategy.

Risks associated with dependence on licences, authorisations and concessions of use

The provision of electronic communication networks or services to the public is subject, pursuant to Article 25, paragraph 3, of the Electronic Communications Code, to a general authorisation that can be obtained by submitting a declaration of commencement of activity, provided that the conditions and requirements laid down by the applicable legislation are met. Should the absence, non-observance or breach of such conditions be ascertained, the Issuer could be subject to pecuniary penalties imposed by the Authority, as well as to a ban on continuing its activity, in whole or in part, with possible negative effects on its economic, capital and financial position. The above authorisation also has a maximum duration of twenty years and can be renewed by submitting a specific declaration within the terms established by the applicable legislation. The renewal of the authorisation is also subject to compliance with the conditions and requirements laid down in the Electronic Communications Code. The Issuer most recently submitted the required declaration of commencement of activity for the provision of public communications networks throughout the national territory on 21 May 2014. Should the Issuer be unable, on the expiry date of the above authorisation, to obtain its renewal, also in view of any different or additional requirements introduced by the Authority, this could have negative effects on its economic, capital and financial position. To provide the above services, the Issuer has built its own optical fibre communications network, both



by acquiring the use of the related infrastructure from third-party operators and by building proprietary infrastructure, for direct access to end customers, for the construction, maintenance and extension of which the Issuer has obtained or will have to obtain specific rights of way over third-party property, rights of use of third-party assets and other administrative authorisations. There can be no absolute certainty that the requirements and/or conditions on which the granting of the authorisations and permits depends will continue to be met over time without interruption, nor can it be guaranteed that the Issuer will be able to obtain and maintain such rights of way and use and such administrative authorisations on acceptable terms.

Risks associated with dependence on the services and infrastructure of other operators

In order to offer its connectivity services to the public, in addition to installing its own communications infrastructure, the Issuer has also acquired from third-party operators, in particular from Telecom Italia S.p.A. and Infratel S.p.A. (an in-house company of MiSE), the use of access networks to optical fibre infrastructure in the provinces of Brescia, Bergamo and Mantua, on the basis of contracts for the transfer of rights of use in IRU mode (Indefeasible Right of Use). Despite the contractual protections in favour of the Issuer, the full availability of the fibre infrastructure depends on the continuity of the rights of

way held by the operators granting the Issuer the rights to use such fibres, as well as on their continued full usability, which could cease, albeit for limited periods of time, as a result of unforeseeable external events. Although the Company is increasingly developing the connection to the end customer independently, at the Date of the Admission Document the Issuer largely provides access to users through the physical connection (consisting of the copper pair or fibre) of other operators. In this case too, despite the contractual protections in favour of the Issuer, as well as those provided for by the applicable regulations, the availability of the service depends on the continued availability of the access network and on its condition, state of maintenance and possible obsolescence. The Issuer's business depends in particular on the interconnection agreements entered into with various electronic communications operators for access to and interconnection with their respective networks. The main supplier among these is Telecom Italia S.p.A., which offers its services on the basis of prices regulated by AGCOM so as to ensure the supply of services on fair and non-discriminatory terms, and on the basis of contractual terms subject to prior review by AGCOM itself and therefore of limited negotiability. There is no assurance that these contracts will be renewed annually on terms and conditions no less favourable than those currently in force following changes to AGCOM regulations. Any contractual breach by these operators, or any financial or operational difficulty they may encounter, could have a negative effect on the Issuer's economic results. The interconnection agreements also impose a series of obligations on the Issuer, the total or partial breach of which may lead to the termination of the relationship. Should the Company nevertheless be in breach, the operator could suspend or interrupt the supply of services or request termination of the contract, with possible negative effects on the Issuer's economic, capital and financial position. Operating in the electronic communications sector may involve the use of technological standards covered by patents and/or other intellectual and/or industrial property rights, with the result that, should the Issuer use such standards in the future, it would have to acquire the related licences from their respective holders, thus bearing the related costs. Furthermore, it cannot

be ruled out that disputes may arise in the future from third parties or that proceedings, both administrative and judicial, may be brought against the Issuer in relation to the infringement of intellectual and/or industrial property rights relating to the above technological standards.

FINANCIAL RISKS

With particular regard to the analysis of the financial risks associated with the Company's operations, the following should be noted:

Credit and concentration risk
The maximum theoretical exposure to credit risk is represented by the carrying amount of trade receivables and other receivables recognised in current assets.
Most of these receivables are trade receivables, and the write-downs recognised are considered adequate to cover this type of risk. At 31 December 2018 there were no significant concentrations of credit risk, as this risk is mitigated by the fact that credit exposure is spread over a large number of customers (private individuals, cooperatives, companies and public bodies).
It should be noted that the Issuer's commercial offering provides for an initial charge for the activation of its services, payable by each new customer, in addition to the payment of monthly fees for their supply, which are invoiced, respectively, on activation of the service and every two months in advance. Any trade receivables can therefore only arise from users' failure to pay the monthly fee; in this regard, it should be noted that in 2018 bad debt losses were less than 0.5% of turnover. The Company also carries out careful monitoring and debt recovery and has adopted an internal procedure providing for the interruption of service supply in the event of non-payment of the fees due.

Exchange rate risk
The Company is not exposed to exchange rate risks, as it uses the Euro as the reference currency for its transactions.

Interest rate risk
The Company is exposed to financial risks arising from

interest rate fluctuations, as there were bank credit lines in place at 31 December 2018.
As regards the use of these short-term credit lines for current operations, they are governed by contractually defined market terms and rates, and the risk arising from changes in the related interest rates is not considered significant. As mentioned and explained in the Notes to the financial statements, the company has entered into derivative contracts in the form of an "interest rate cap".
It should also be noted that the company has no short-, medium- or long-term financing transactions with subsidiaries or associates.

OPERATIONAL RISKS

These represent the risk of losses arising from inefficiencies in organisation, procedures and production.
The operational risks inherent in our business relate to possible inadequacies in internal processes, external factors, fraud, employee errors, errors in correctly documenting transactions, losses of critical commercially sensitive data and failures in systems and/or network platforms.
The company has adopted an appropriate organisational model to prevent and limit the above risks.

Environmental and occupational safety risk

The company carries out its activities in full compliance with the provisions on the environment and workplace hygiene.
Relations with employees are managed with respect for human rights, fundamental rights at work, the principle of equal opportunities and labour and occupational safety legislation, with constant attention to training. INTRED attaches primary importance to the health and safety of workers in the workplace within its corporate strategies and objectives.

Country risk

Given the total concentration of turnover in Italy (a low-risk country) and the type of services offered, there are no areas of activity with risk and/or return profiles requiring specific disclosure.

KEY NON-FINANCIAL INDICATORS

Pursuant to the second paragraph of Article 2428 of the Italian Civil Code, it is hereby stated that, given the specific activity carried out and for a better understanding of the company's position, performance and results of operations, the presentation of non-financial indicators is not considered relevant.

ENVIRONMENTAL INFORMATION

There is no specific information regarding the environment. It should nevertheless be noted that the Company has not been found guilty of, nor been called to answer for, any charge in relation to damage caused to the environment.

PERSONNEL INFORMATION

The growth and professional development of people, as a decisive factor in the evolution and development of its activities, remain the company's primary objectives. The high level of skills and knowledge acquired, as well as commitment, flexibility, dedication and the pursuit of excellence in their work, are a valuable asset that the company intends to preserve and, where possible, increase.

During the year there were no accidents at work resulting in serious injury or for which corporate liability was established, and the company received no charges relating to occupational diseases of employees or former employees and/or to workplace bullying.

Personnel costs increased by 11% to €2.59 million, equivalent to 14.8% of the normalised value of production (16.4% in 2016 and 15.7% in 2017). This item includes the costs of direct employees and temporary workers, who in 2018 averaged a total of 56.9 units (Full Time Equivalent – FTE). Production per employee has improved significantly in recent years: euro 265 thousand in 2016, euro 298 thousand in 2017 and euro 307 thousand in 2018.

In 2018 the company again paid particular attention to staff training. Technical courses were held internally and/or through training companies specialising in networking, with a particular focus on Cisco Systems equipment. The company also organised training courses with specialised trainers for sales staff and for pre/post-sales support staff.

RESEARCH AND DEVELOPMENT

Pursuant to point 1 of the third paragraph of Article 2428 of the Italian Civil Code, it is hereby stated that research and development activities were carried out during the year.
Specifically, during 2018, mainly to support the above investments, your company carried out basic research and development activities and focused its efforts in particular on projects considered particularly innovative, which required a significant financial commitment, both for the internal staff involved and for the collaborations, consultancy and materials used for tests and trials. It is hoped that the positive outcome of these innovations will also generate good results in the coming years in terms of turnover and improved service quality, with favourable effects on the company's processes.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES, PARENT COMPANIES AND COMPANIES CONTROLLED BY PARENT COMPANIES

With regard to the provisions of point 2 of the third paragraph of Article 2428 of the Italian Civil Code, it should be stressed that the company has no relations of any kind with subsidiaries, associates, parent companies or companies controlled by parent companies.

TREASURY SHARES

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that the company held no treasury shares at the end of the financial year.

SHARES/ QUOTAS OF THE PARENT COMPANY

It is hereby stated that the company is not subject to control by any company or group of companies.

BUSINESS OUTLOOK

Pursuant to point 6) of the third paragraph of Article 2428 of the Italian Civil Code, the results for the first months of the current year point to positive prospects, also in view of the strategic agreements signed with TIM and Open Fiber, as confirmed by the increase in turnover volumes and the growth of the economic indicators. In 2019 revenue growth will be driven by sales

of ultra-broadband services and by the EIR residential segment, while continuing the process of migrating users from broadband connections to optical fibre connections, with greater customer satisfaction and increasing profitability for the company. The steady growth in the number of customers and good visibility on recurring revenue allow us to be confident of achieving improved results compared with the year just ended.

USE OF FINANCIAL INSTRUMENTS RELEVANT TO THE ASSESSMENT OF THE FINANCIAL POSITION AND RESULTS FOR THE YEAR

In order to reduce the risk of adverse changes in interest rates, in previous years the company entered into derivative contracts for hedging purposes (IRS), which are directly correlated with the payables relating to the loan agreements entered into.
In particular, there is a close match between the technical/financial characteristics of the hedged liabilities and those of the hedging contracts.
Transactions in derivative financial instruments are accounted for consistently with the underlying transactions they hedge, or at market value where applicable.

SECONDARY OFFICES

In compliance with Article 2428 of the Italian Civil Code, the company's secondary operating offices are listed below:
Technical Office: Via Triumplina n. 195/a – Brescia (BS)
Technical Office: Via Creta 15 – Brescia (BS)

2.1.6 CONCLUSIONS

Dear Shareholders, in the light of the considerations set out above and of the information provided in the Notes to the financial statements, we invite you:

- to approve the Financial Statements for the year ended 31/12/2018, together with the accompanying Notes to the financial statements and this Report;
- to allocate the result for the year in accordance with the proposal set out in the Notes to the financial statements.

Brescia, 19 March 2019

For the Board of Directors

Daniele Peli
Chairman of the Board



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EXPLANATORY NOTES

2.2.1 BALANCE SHEET

	31/12/2018	31/12/2017
ASSETS		
B) Fixed assets		
I - Intangible fixed assets	-	-
3) industrial patent rights and rights to use intellectual property	44,040	31,530
4) concessions, licences, trademarks and similar rights	4,075,833	3,368,099
5) goodwill	6,500	26,054
6) assets under construction and payments on account	2,200	-
7) other	728,337	309,557
Total intangible fixed assets	**4,856,910**	**3,735,240**
II - Tangible fixed assets	-	-
1) land and buildings	2,573,291	2,632,132
2) plant and machinery	14,366,984	11,670,843
4) other assets	50,692	66,160
5) assets under construction and payments on account	-	10,000
Total tangible fixed assets	**16,990,967**	**14,379,135**
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	4,007	4,112
Total equity investments	4,007	4,112
2) receivables	-	-
d-bis) from others	50,171	49,225
due within the next financial year	50,171	49,225
Total receivables	50,171	49,225
3) other securities	60,000	45,000
4) derivative financial instruments - assets	234	1,448
Total financial fixed assets	114,412	99,785
Total fixed assets (B)	21,962,289	18,214,160
C) Current assets		
II - Receivables	-	-
1) from customers	3,096,708	3,581,536
due within the next financial year	3,096,708	3,581,536
5-bis) tax receivables	468,010	8,798
due within the next financial year	468,010	8,798
5-ter) deferred tax assets	39,239	40,941
5-quater) from others	1,015,930	1,127,902
due within the next financial year	1,015,930	1,127,902
Total receivables	4,619,887	4,759,177
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	9,650,300	1,086,844
3) cash and valuables on hand	793	999
Total cash and cash equivalents	9,651,093	1,087,843
Total current assets (C)	14,270,980	5,847,020
D) Prepayments and accrued income	**343,697**	**497,114**
TOTAL ASSETS	**36,576,966**	**24,558,294**

	31/12/2018	31/12/2017
LIABILITIES		
A) Shareholders' equity	**22,650,286**	**9,439,162**
I - Share capital	10,000,000	3,810,000
II - Share premium reserve	3,810,725	-
IV - Legal reserve	463,652	336,767
VI - Other reserves, separately indicated	-	-
Extraordinary reserve	5,183,802	2,772,979
Total other reserves	5,183,802	2,772,979
VII - Reserve for hedges of expected cash flows	(16,627)	(18,292)
IX - Profit (loss) for the year	3,208,734	2,537,708
Total shareholders' equity	22,650,286	9,439,162
B) Provisions for risks and charges		
2) for taxes, including deferred taxes	56	347
3) derivative financial instruments - liabilities	22,112	25,516
Total provisions for risks and charges	22,168	25,863
C) Employee severance indemnity (TFR)	**552,736**	**477,415**
D) Payables		
4) payables to banks	3,064,219	5,164,637
due within the next financial year	1,252,305	1,906,043
due after the next financial year	1,811,914	3,258,594
6) advances	3,515	1,632
due within the next financial year	3,515	1,632
7) payables to suppliers	5,061,557	4,486,928
due within the next financial year	5,061,557	4,486,928
12) tax payables	143,580	335,444
due within the next financial year	143,580	335,444
13) payables to social security institutions	94,198	76,488
due within the next financial year	94,198	76,488
14) other payables	507,130	426,408
due within the next financial year	507,130	426,408
Total payables	8,874,199	10,491,537
E) Accruals and deferred income	**4,477,577**	**4,124,317**
TOTAL LIABILITIES AND EQUITY	**36,576,966**	**24,558,294**

2.2.2 INCOME STATEMENT

	31/12/2018	31/12/2017
A) Value of production		
1) revenue from sales and services	17,201,907	14,401,715
5) other revenue and income	-	-
other	681,325	375,126
Total other revenue and income	681,325	375,126
TOTAL VALUE OF PRODUCTION	**17,883,232**	**14,776,841**
B) Costs of production		
6) raw, ancillary and consumable materials and goods	122,384	310,607
7) services	3,357,104	2,252,921
8) use of third-party assets	4,661,197	3,698,975
9) personnel	-	-
a) wages and salaries	1,932,801	1,767,284
b) social security contributions	492,532	422,184
c) employee severance indemnity	119,038	99,212
e) other costs	46,112	38,526
Total personnel costs	2,590,483	2,327,206
10) amortisation, depreciation and write-downs	-	-
a) amortisation of intangible fixed assets	460,876	340,799
b) depreciation of tangible fixed assets	2,155,752	1,831,278
Total amortisation, depreciation and write-downs	2,616,628	2,172,077
14) other operating expenses	345,370	490,767
TOTAL COSTS OF PRODUCTION	**13,693,166**	**11,252,553**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)	**4,190,066**	**3,524,288**

	31/12/2018	31/12/2017
C) Financial income and expenses		
16) other financial income	-	-
c) from securities held as current assets other than equity investments	44,308	47,883
Total other financial income	44,308	47,883
17) interest and other financial expenses	-	-
other	75,999	101,455
Total interest and other financial expenses	75,999	101,455
Total financial income and expenses (15+16-17+-17-bis)	**(31,691)**	**(53,572)**
D) Value adjustments to financial assets and liabilities		
19) write-downs	-	-
a) of equity investments	105	915
Total write-downs	105	915
Total value adjustments to financial assets and liabilities (18-19)	**(105)**	**(915)**
RESULT BEFORE TAX (A-B+-C+-D)	**4,158,270**	**3,469,801**
20) Income taxes for the year, current, deferred and prepaid		
current taxes	948,650	939,069
deferred and prepaid taxes	886	(6,976)
Total income taxes for the year, current, deferred and prepaid	**949,536**	**932,093**
21) PROFIT (LOSS) FOR THE YEAR	**3,208,734**	**2,537,708**

2.2.3 CASH FLOW STATEMENT /INDIRECT METHOD

	31/12/2018	31/12/2017
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	3,208,734	2,537,708
Income taxes	949,536	932,093
Interest expense/(income)	31,691	53,572
1) Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	4,189,961	3,523,373
Adjustments for non-cash items with no balancing entry in net working capital		
Provisions		347
Depreciation and amortisation of fixed assets	2,616,628	2,172,077
Other upward/(downward) adjustments for non-cash items	119,038	99,212
TOTAL ADJUSTMENTS FOR NON-CASH ITEMS WITH NO BALANCING ENTRY IN NET WORKING CAPITAL	**2,735,666**	**2,271,636**
2) Cash flow before changes in net working capital	6,925,627	5,795,009
Changes in net working capital		
Decrease/(Increase) in trade receivables	484,828	(393,466)
Increase/(Decrease) in payables to suppliers	574,629	648,203
Decrease/(Increase) in prepayments and accrued income	153,417	(126,864)
Increase/(Decrease) in accruals and deferred income	352,735	30,557
Other decreases/(Other increases) in net working capital	(437,087)	(1,010,489)
TOTAL CHANGES IN NET WORKING CAPITAL	**1,128,522**	**(852,059)**
3) Cash flow after changes in net working capital	8,054,149	4,942,950
Other adjustments		
Interest received/(paid)	(31,691)	(53,572)
(Income taxes paid)	(949,536)	(932,093)
(Use of provisions)	(291)	
Other receipts/(payments)	(43,717)	(52,790)
TOTAL OTHER ADJUSTMENTS	**(1,025,235)**	**(1,038,455)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**7,028,914**	**3,904,495**

	31/12/2018	31/12/2017
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(4,767,584)	(4,367,988)
Intangible fixed assets		
(Investments)	(1,582,546)	(1,135,639)
Financial fixed assets		
(Investments)	(15,841)	(14,305)
Disposals		15,664
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(6,365,971)**	**(5,502,268)**
C) Cash flows from financing activities		
Borrowed funds		
Increase/(Decrease) in short-term bank borrowings	(653,738)	291,134
New loans		488,522
(Loan repayments)	(1,446,680)	
Own funds		
Paid capital increase	10,000,725	
CASH FLOW FROM FINANCING ACTIVITIES (C)	**7,900,307**	**779,656**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**8,563,250**	**(818,117)**
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	1,086,844	1,905,439
Cash and valuables on hand	999	521
TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**1,087,843**	**1,905,960**
Cash and cash equivalents at the end of the year		
Bank and postal deposits	9,650,300	1,086,844
Cash and valuables on hand	793	999
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**9,651,093**	**1,087,843**
Reconciliation difference		

2.2.4 EXPLANATORY NOTES /INTRODUCTION

Transposition of Directive 2013/34/EU

With reference to the financial statements for financial years beginning on or after 01/01/2016, it should be noted that Legislative Decree no. 139 of 18/08/2015 (the so-called "financial statements decree"), published in Official Gazette no. 205 of 04/09/2015 and issued in implementation of EU Directive no. 34 of 26/06/2013, amended the Italian Civil Code in order to align its provisions on the financial statements of limited companies with the new EU provisions.

This directive replaced the existing EU legislation, with the aim of improving the information content of the accounting document and initiating a process of simplifying the rules governing the preparation and publication of financial statements.

In this reform context, the Italian Accounting Standards Board (OIC), in accordance with the institutional purposes established by law, also revised 20 accounting standards, which are responsible for the practical application of the new regulatory framework.

In particular, the changes to the financial statements of limited companies concerned:

- the documents making up the financial statements;
- the principles for preparing the financial statements;
- the content of the Balance Sheet and Income Statement;
- the valuation criteria;
- the content of the Notes to the financial statements.

Comment

Dear Shareholders, these notes to the financial statements form an integral part of the financial statements at 31/12/2018.

The financial statements for the year ended 31/12/2018 show a profit before tax of Euro 4,158,270 and a net profit of Euro 3,208,734. At the end of 2018 the company's shareholders' equity amounted to Euro 22,650,286.

The financial statements comply with Articles 2423 et seq. of the Italian Civil Code and with the national accounting standards as published by the Italian Accounting Standards Board; they therefore give a clear, true and fair view of the company's financial position and of the results of operations for the year.

The content of the balance sheet and income

statement is that required by Articles 2424 and 2425 of the Italian Civil Code, while the cash flow statement has been prepared pursuant to Article 2425-ter.
The notes to the financial statements, prepared pursuant to Article 2427 of the Italian Civil Code, also contain all the information needed to provide a correct interpretation of the financial statements.

BASIS OF PREPARATION

Preparation of the financial statements
The information contained in this document is presented in the order in which the related items are shown in the balance sheet and income statement.
It is hereby stated that, pursuant to Article 2423, paragraph 3, of the Italian Civil Code, where the information required by specific legal provisions is not sufficient to give a true and fair view of the company's situation, the additional information deemed necessary for this purpose is provided.
No exceptional cases occurred requiring recourse to the derogations under Article 2423, paragraphs 4 and 5, and Article 2423-bis, paragraph 2, of the Italian Civil Code.
The financial statements and these notes have been prepared in units of euro.

Principles of preparation of the financial statements
The items in the financial statements have been measured in accordance with the principle of prudence and on a going concern basis.
In determining whether the going concern assumption is applicable, the directors took into account all the information available about the future, covering at least, but not limited to, twelve months after the reporting date.
Pursuant to Article 2423-bis, paragraph 1, point 1-bis of the Italian Civil Code, items are recognised and presented taking into account the substance of the transaction or contract.
In preparing the financial statements, costs and income have been recognised on an accruals basis, regardless of when they were received or paid. Account has also been taken of risks and losses pertaining to the year, even if they became known after the year end.
Structure and content of the Financial Statements
The balance sheet, income statement, cash flow statement and accounting information contained in these notes are consistent with the accounting records, from which they have been

directly derived.
In the presentation of the balance sheet and income statement, the items preceded by Arabic numerals have not been grouped together, as optionally permitted by Article 2423-ter of the Italian Civil Code.
Pursuant to Article 2424 of the Italian Civil Code, it is confirmed that there are no asset or liability items falling under more than one item of the financial statements.

VALUATION CRITERIA

The criteria applied in measuring the items in the financial statements and in making value adjustments comply with the provisions of the Italian Civil Code and the guidance contained in the accounting standards issued by the Italian Accounting Standards Board. They are also unchanged from the previous year.
Pursuant to Article 2427, paragraph 1, no. 1 of the Italian Civil Code, the most significant valuation criteria adopted in compliance with the provisions of Article 2426 of the Italian Civil Code are described below, with particular reference to those items for which the legislator permits different valuation and adjustment criteria or for which no specific criteria are provided.

OTHER INFORMATION

Measurement of foreign currency items
At the end of the financial year the company does not hold receivables or payables in foreign currency.
Transactions with an obligation to repurchase at term
Pursuant to Article 2427 no. 6-ter, the company states that during the year it did not carry out any transaction subject to an obligation to repurchase at term.

Further information

- The company has no receivables due after five years and has a single payable with a residual term of more than five years, represented by the medium-term loan (7-year term) taken out with “Ubi Banca Spa” on 17/07/2017, as described in more detail under “Payables” in the balance sheet;
- no collateral has been granted on company assets;
- no financial expenses have been charged to values recognised under assets.

2.2.5 EXPLANATORY NOTES /ASSETS

The amounts recognised under assets in the balance sheet have been measured in accordance with Article 2426 of the Italian Civil Code and with the national accounting standards. The criteria specifically applied are indicated in the sections relating to the individual items.

FIXED ASSETS

Intangible fixed assets

Where the conditions laid down by the accounting standards are met, intangible fixed assets are recognised under assets in the balance sheet at purchase and/or production cost and are amortised on a straight-line basis according to their future usefulness and taking into account the provisions of point 5) of Article 2426 of the Italian Civil Code.

The value of fixed assets is shown net of accumulated amortisation and write-downs.

Amortisation, where applicable, has been carried out in accordance with the following predetermined plan, which is considered to ensure a correct allocation of the cost incurred over the useful life of the fixed assets concerned:

ITEMS	PERIOD
Start-up and expansion costs	5 years on a straight-line basis
Patents and intellectual property rights	10 years on a straight-line basis
Concessions	according to the period of their exploitation where defined, or on the basis of their contractual term, if shorter
Software	3 years on a straight-line basis
Goodwill	10 years on a straight-line basis
Other intangible fixed assets	5 years on a straight-line basis - 10 years on a straight-line basis for Contributions for fitting out co-location exchanges, fitting out of spaces for commissioning equipment on third-party infrastructure

Pursuant to Article 10 of Law no. 72 of 19 March 1983, as also referred to by subsequent monetary revaluation laws, it should be noted that no monetary revaluation has ever been carried out on the intangible assets still held.

The amortisation criterion for intangible fixed assets has been applied systematically and in each financial year, in relation to the remaining useful economic life of each individual asset or expense. It should be noted that it was not necessary to make write-downs of these capitalised costs pursuant to Article 2426, paragraph

1, no. 3 of the Italian Civil Code since, as provided for by accounting standard OIC 9, no indicators of potential impairment of intangible fixed assets were identified.
Any disposals of intangible assets during the year resulted in the elimination of their residual value.
Public grants received in relation to intangible fixed assets have been accounted for using the indirect method. The grants have therefore been recognised in the income statement under item A5 "other revenue and income" and then deferred on an accruals basis to subsequent years through the recognition of deferred income.

Goodwill
Since the conditions set out in the accounting standards were met, goodwill has been recognised under assets in the balance sheet with the consent of the board of statutory auditors, as it was acquired for consideration.
It was not possible to reliably estimate the useful life of this item, as a detailed assessment would not be cost-effective, also in view of the fact that the amounts allocated are not significant and that the amortisation process is nearing its end, as the amounts allocated relate to the years 2009 – 2010.
Goodwill has therefore been amortised within the ten-year limit prescribed by Article 2426, paragraph 1, no. 6 of the Italian Civil Code.

Intangible assets
Intangible assets are recognised at purchase cost, including ancillary costs, and are amortised within the legal or contractual limit established for them or, if shorter, according to the period of their exploitation.
The changes in intangible fixed assets are shown below:

Historical cost (opening value)	**4,780,344**
Increases / Decreases	1,579,294
Historical cost (closing value)	**6,359,637**
Accumulated amortisation (opening value)	**1,045,104**
Increases / Decreases	457,623
Accumulated amortisation (closing value)	**1,502,727**
Residual value at 31/12/2018	**4,856,910**

The breakdown of the residual value of intangible fixed assets is shown below:

Software	48,477
Concessions: Multi-year rights of use for optical fibre	4,071,396
Goodwill	6,500
Other multi-year costs	*728,337
Intangible assets in progress	2,200
Total residual value at 31/12/2018	**4,856,910**

* of which euro 714,060 relating to optical fibre infrastructure.

It should be noted that most of the "Multi-year Costs" included in Intangible Fixed Assets relate to network infrastructure, which consists of industrial assets of the utmost importance for the production cycle; it is therefore considered appropriate to detail them further in the following table:

	HISTORICAL COST	ACCUMULATED AMORTISATION	NET RESIDUAL VALUE
Concessions: Multi-year rights of use for optical fibre	4,888,609	817,213	4,071,396
Contributions for fitting out co-location exchanges – fitting out of spaces for commissioning equipment on third-party infrastructure	830,133	116,073	714,060
Total at 31/12/2018	**5,718,742**	**933,286**	**4,785,456**

The item "Concessions: Multi-year rights of use for optical fibre" relates to the investments made under the contracts entered into by the company with Telecom Italia Spa, Infratel Spa and other smaller operators for the grant in IRU (Indefeasible Right of Use), mainly for 15 years, of portions of the Optical Fibre network located in Lombardy.
The item "Contributions for fitting out co-location exchanges" - fitting out of spaces for commissioning equipment on third-party infrastructure, included in the item "Other multi-year costs", consists entirely of the investments made under the contracts entered into by the company with Telecom Italia Spa.

Tangible fixed assets

Assets belonging to the category of tangible fixed assets, recognised on the date on which the risks and rewards associated with the asset acquired are transferred, are recorded in the financial statements at purchase cost, increased by any ancillary costs incurred until the assets are ready for use, and in any case within the limit of their recoverable amount.

The depreciation criteria for tangible fixed assets are unchanged from those applied in the previous year.

Tangible fixed assets are depreciated systematically in each financial year at rates commensurate with their remaining useful life, also taking into account the physical wear and tear of the asset; for the first year in which assets come into operation, with the exception of depreciable assets worth less than 516.46 euro, the rates are reduced by 50%, as representative of the actual participation in the production process, which can be assumed to have occurred on average halfway through the year.

No depreciation is charged on assets sold or disposed of during the year.

Public grants received in relation to tangible fixed assets have been accounted for using the indirect method. The grants have therefore been recognised in the income statement under item A5 “other revenue and income” and then deferred on an accruals basis to subsequent years through the recognition of deferred income.

It should be noted that it was not necessary to make write-downs pursuant to Article 2426, paragraph 1, no. 3 of the Italian Civil Code since, as provided for by accounting standard OIC 9, no indicators of potential lasting impairment of tangible fixed assets were identified.

The changes in tangible fixed assets are shown below:

Historical cost (opening value)	**21,265,699**
Increases / Decreases	4,767,122
Historical cost (closing value)	**26,032,821**
Accumulated depreciation (opening value)	**6,886,564**
Increases / Decreases	2,155,290
Accumulated depreciation (closing value)	**9,041,854**
Residual value at 31/12/2018	**16,990,967**

The breakdown of the residual value of tangible fixed assets is shown below:

Land	1,128,155
Buildings	1,445,136
General plant	15,200
Specific plant	4,355
Network and Fibre Infrastructure	14,347,428
Office furniture and machines	24,464
Electronic office machines	22,752
Furnishings	3,477
Tangible assets under construction	0
Total residual value at 31/12/2018	**16,990,967**

The depreciation criteria adopted are as follows:

ITEMS	RATES
Land	**no depreciation**
Buildings	**3%**
General plant capable of independent use	**15%**
Proprietary network and fibre infrastructure	**5%**
Exchanges and electronic equipment	**18%**
Radio links – circuits (equipment and amplification)	**15%**
Proprietary exchange infrastructure plant	**10%**
Alarm and Video Surveillance Systems	**30%**
Office Furniture	**12%**
Electronic Accounting Equipment	**20%**
Cars	**25%**
Lorries	**20%**
Depreciable assets worth less than euro 516.46 *(on tangible assets worth less than 516.46 euro capable of independent use in the conduct of the business)*	**100%**

The amounts thus recognised are commensurate with the state of use of the depreciated assets, taking into account the use and obsolescence they have undergone.

By way of illustration, it is considered appropriate to detail further in the following table the industrial assets included in tangible fixed assets:

	HISTORICAL COST	ACCUMULATED DEPRECIATION	NET RESIDUAL VALUE
Proprietary network and fibre infrastructure	13,015,613	1,455,039	11,560,574
Exchanges and electronic equipment	4,259,376	3,344,784	914,592
Radio links – circuits (equipment and amplification)	1,765,317	348,702	1,416,615
Proprietary exchange plant and infrastructure	512,924	57,277	455,647
Total at 31/12/2018	**19,553,230**	**5,205,802**	**14,347,428**

Land and buildings

On the basis of a strict application of accounting standard OIC 16, interpreted in the light of the tax changes introduced by Article 2, paragraph 18, of Decree-Law no. 262 of 03/10/2006, converted with amendments into Law no. 286 of 24/11/2006, in previous years the portion of cost relating to the land on which the buildings stand was separated, distinguishing it from the buildings.

The value attributed to land was determined on the basis of the flat-rate criterion for allocating the unit cost established by the tax legislator, which was considered appropriate, at 20% of the cost of the property net of any capitalised improvement costs.

Where the land was acquired separately before the subsequent construction of the building, the depreciable value is equal only to the cost actually incurred for the construction of the building.

The principle contained in paragraph 7 of the above legislation governs the case of separate and prior purchase of the land with respect to the subsequent construction of the building, and also applies to buildings constructed on land already used for construction or which became free following the demolition of the building that occupied it.

Again on the basis of Law 286/2006, the company decided not to calculate depreciation on land, for either tax or statutory purposes.

Assets under construction and payments on account
Advances to suppliers for the purchase of tangible fixed assets recognised under item B.II.5 are initially recognised on the date on which the obligation to pay such amounts arises. Consequently, advances are not depreciated.
The same item includes tangible fixed assets under construction, which are initially recognised on the date on which the first costs for the construction of the asset are incurred and include the internal and external costs incurred to build the asset. These costs remain recognised under this item until the project has been completed and are not depreciated until then.

Financial fixed assets

Equity investments
All equity investments recognised in the financial statements have been measured using the cost method, where cost means the expense incurred for the purchase, regardless of the method of payment, including any ancillary charges (bank fees and charges, stamp duties, bank brokerage, etc.).

Equity investments in other companies whose value at the end of the year is lastingly lower than their purchase cost have been recognised at that lower value.

In determining the amount of the write-down, account was also taken of the trend in market prices together with an assessment of the investee's economic and financial conditions, for fixed assets consisting of securities listed on organised markets, and of market trends, for other fixed assets.

At 31/12/2018 financial fixed assets show a balance of Euro 114,412 and consist, in addition to the positive MTM of the Unicredit Derivative Instrument of euro 234, of the following components:

	CARRYING AMOUNT AT 31/12/2017	INCR. /DECR.	CARRYING AMOUNT AT 31/12/2018	% HELD AT 31/12/2018
EQUITY INVESTMENTS				
Edizioni Valtrompia Srl in liquidation Via Dante 163 - Sarezzo (Bs)	2,420	0	**2,420**	5.00
Write-down provision Edizioni Valtrompia S.r.l. in liquidation	(2,420)	0	**(2,420)**	
Banca Credito Cooperativo della Valtrompia Scrl Piazza Zanardelli 8 - Bovegno (Bs)	2,707	0	**2,707**	0.0008
Write-down provision Banca Credito Cooperativo della Valtrompia Scrl	(125)	0	**(125)**	
Banca Valsabbina Scpa Via Molino 4 - Vestone (Bs)	5,748	0	**5,748**	0.0005
Write-down provision Banca Valsabbina Scpa	(4,218)	(105)	**(4,323)**	
TOTAL EQUITY INVESTMENTS	**4,112**	**(105)**	**4,007**	
RECEIVABLES FROM OTHERS				
Various security deposits	49,225	946	**50,171**	
TOTAL RECEIVABLES FROM OTHERS	**49,225**	**946**	**50,171**	
OTHER SECURITIES				
"Unit Linked" policy Creditras Vita Spa Corso Italia 23 - Milano	45,000	15,000	**60,000**	
TOTAL OTHER SECURITIES	**45,000**	**15,000**	**60,000**	

The financial fixed assets in the financial statements have not been recognised at a value higher than their "fair value".

Finance lease transactions
Assets acquired under finance leases are accounted for, as provided for by the Legislator, according to the operating method, with lease payments recognised among operating costs.
During 2018 the contracts relating to the following equipment expired:

1 Cisco Metro Switch;

1 Bandwidth Allocator;

1 Set of Antennas for data transmission.

The two contracts relating to the two cars granted for mixed use to the directors therefore remain in force.

CURRENT ASSETS

Current asset items are measured in accordance with numbers 8 to 11-bis of Article 2426 of the Italian Civil Code. The criteria used are indicated in the paragraphs on the respective items.

Receivables recognised under current assets
Receivables recognised under current assets are to be recognised in the financial statements using the amortised cost method, as defined by Article 2426, paragraph 2 of the Italian Civil Code, taking into account the time factor and the estimated realisable value, in accordance with Article 2426, paragraph 1, no. 8 of the Italian Civil Code.
The adjustment to estimated realisable value was made through the specific recognition of the losses incurred, based on certain and precise elements.
For receivables for which the application of the amortised cost method and/or discounting has been found to be immaterial, which is the case for all of them, recognition at estimated realisable value has been maintained in order to give a true and fair view of the company's financial and economic position. This occurred, for example, for receivables due within twelve months or, with reference to the amortised cost criterion, where transaction costs, fees and any other difference between initial value and value at maturity are of little significance or, in the case of discounting, where the interest rate inferable from the contractual terms is not significantly different from the market interest rate.

Changes in and maturity of receivables recognised under current assets

The following table shows information on changes in receivables recognised under current assets and, if significant, information on their maturity.

It should be noted that the item "Receivables from Others" relates mainly to the receivable from Telecom Italia Spa for the non-recurring purchase, prepaid with an initial payment of euro 1,000,000 of which euro 795,000 was outstanding at the year end, of a "GEA" (Geographical Ethernet Access) package, using an innovative integrated supply model for transmission solutions through ad hoc design activities based on Intred Spa's specific needs.

It has an indefinite duration, in time and value, with an amount decreasing on the basis of the activation of lines, reasonably usable within the following 5 years; it was therefore not possible to quantify the portion due after the year or to apply the amortised cost method.

	VALUE AT START OF YEAR	CHANGE DURING THE YEAR	VALUE AT END OF YEAR	PORTION DUE WITHIN THE YEAR
Receivables from customers	3,581,536	(484,828)	3,096,708	3,096,708
Tax receivables	8,798	459,212	468,010	468,010
Deferred tax assets	40,941	(1,702)	39,239	-
Receivables from others	1,127,902	(111,972)	1,015,930	1,015,930
Total	**4,759,177**	**(139,290)**	**4,619,887**	**4,580,648**

Breakdown of receivables recognised under current assets by geographical area

Receivables recognised under current assets all fall within the geographical area "Italy".

Cash and cash equivalents
Cash and cash equivalents are measured at nominal value.
It should be noted that cash and cash equivalents increased significantly as a result of the proceeds from the listing on Borsa Italiana's AIM market through an "IPO", to serve an investment plan which, given the type of business, is not being implemented fully and immediately

	VALUE AT START OF YEAR	CHANGES DURING THE YEAR	VALUE AT END OF YEAR
Bank and postal deposits	1,086,844	8,563,456	9,650,300
Cash and valuables on hand	999	(206)	793
Total	**1,087,843**	**8,563,250**	**9,651,093**

PREPAYMENTS AND ACCRUED INCOME

Accruals and deferrals have been calculated on an accruals basis, by allocating revenue and/or costs common to two or more financial years.
When recognising and reviewing multi-year prepayments, the existence or continuation of the time condition was verified.
Prepayments and accrued income amount to a total of euro 343,697, a decrease of euro 153,417 compared with the previous year's figure of euro 497,114.

It should be noted that prepayments and accrued income have the following maturities:

- within the next financial year: euro 340,787;
- after the next financial year: euro 2,910; no amount after the next five years.

It should be noted that this item consists mainly of the following accounting entries:

Accrued income

- accrued income for rental of network infrastructure (euro 6,599);
- accrued income for interest income on bank deposits (euro 9,810).

Prepayments

- prepayments for insurance (euro 24,221);
- prepayments for leasing / rental fees (euro 14,034);
- prepayments for telephone fees (euro 15,645);
- prepayments for rental of infrastructure and access (euro 216,379);
- prepayments for maintenance (euro 15,112);
- prepayments for bank charges (euro 12,920);
- prepayments for consultancy (euro 13,719).

CAPITALISED FINANCIAL EXPENSES

All interest and other financial expenses were fully expensed in the year. For the purposes of Article 2427, paragraph 1, no. 8 of the Italian Civil Code, it is therefore confirmed that no financial expenses have been capitalised.

2.2.6 EXPLANATORY NOTES /LIABILITIES AND SHAREHOLDERS' EQUITY

The items of shareholders' equity and liabilities in the balance sheet have been recognised in accordance with the national accounting standards; the criteria specifically applied are indicated in the sections relating to the individual items.

SHAREHOLDERS' EQUITY

The items are shown in the financial statements at their carrying amount in accordance with the guidance contained in accounting standard OIC 28.

Changes in shareholders' equity items
With reference to the year just ended, the following tables show the changes in the individual shareholders' equity items, as well as the breakdown of other reserves, if any.

	VALUE AT START OF YEAR	ALLOCATION OF PREVIOUS YEAR'S RESULT OTHER ALLOC.	OTHER CHANGES INCREASES	OTHER CHANGES DECREASES	RESULT FOR THE YEAR	VALUE AT END OF YEAR
Share capital	3,810,000	-	6,190,000	-	-	10,000,000
Share premium reserve	-	-	3,810,725	-	-	3,810,725
Legal reserve	336,767	126,885	-	-	-	463,652
Extraordinary reserve	2,772,979	2,410,823	-	-	-	5,183,802
Total other reserves	2,772,979	2,410,823	-	-	-	5,183,802
Reserve for hedges of expected cash flows	(18,292)	-	-	(1,665)	-	(16,627)
Profit (loss) for the year	2,537,708	(2,537,708)	-	-	3,208,734	3,208,734
Total	**9,439,162**	**-**	**10,000,725**	**(1,665)**	**3,208,734**	**22,650,286**

All subscribed shares have been fully paid up.

Availability and use of shareholders' equity
The following tables provide a detailed breakdown of the shareholders' equity items, specifying their origin, possibility of use and distributability, as well as their use in the previous three financial years.

	AMOUNT	ORIGIN/ NATURE	POSSIBILITY OF USE	AVAILABLE PORTION
Share capital	10,000,000	Capital		-
Share premium reserve	3,810,725	Capital	A; B; C	3,810,725
Legal reserve	463,652	Profits	A; B	463,652
Extraordinary reserve	5,183,802	Profits	A; B; C	5,183,802
Total other reserves	5,183,802	Profits	A; B; C	5,183,802
Reserve for hedges of expected cash flows	(16,627)	Capital		(16,627)
Total	**19,441,552**			**9,441,552**
Non-distributable portion				2,000,000
Remaining distributable portion				7,441,552

Key: A: for capital increase; B: to cover losses; C: for distribution to shareholders; D: for other statutory restrictions; E: other

As regards the possible use of the Share Premium Reserve, details are as follows:

euro 1,536,348 - A;B;

euro 2,274,377 - A;B;C

The Extraordinary Shareholders' Meeting of 13/06/2018 (deed of Notary Gianmatteo Rizzonelli – Rep. no. 33,385, Coll. no. 22,403) approved a capital transaction which was completed in July 2018 following the company's listing on Borsa Italiana's AIM market, with the payment into the company's coffers of a total of euro 10,000,725, allocated euro 6,190,000 to Share Capital and euro 3,810,725 to the Share Premium Reserve.
After the placement, the Company's share capital consists of 15,850,500 shares with no nominal value.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are shown in the following table:

BREAKDOWN	31/12/2017	INCREASES	USES	31/12/2018
Deferred tax provision	347	0	291	56
Derivative financial instruments - liabilities	25,516	0	3,404	22,112
Total	**25,863**	**0**	**3,695**	**22,168**

EMPLOYEE SEVERANCE INDEMNITY (TFR)

Employee severance indemnity (TFR) has been calculated in accordance with Article 2120 of the Italian Civil Code, taking into account the legal provisions and the specific features of the contracts and professional categories, and includes the annual amounts accrued and the revaluations made on the basis of ISTAT indices.
The amount of the provision is shown net of the advances paid and of the amounts used for terminations of employment during the year, and represents the certain liability towards employees at the reporting date.

	VALUE AT START OF YEAR	CHANGE IN YEAR PROVISION	CHANGE IN YEAR TOTAL	VALUE AT END OF YEAR
Employee severance indemnity (TFR)	477,415	75,321	75,321	552,736

PAYABLES

Payables are to be recognised in the financial statements using the amortised cost method, as defined by Article 2426, paragraph 2 of the Italian Civil Code, taking into account the time factor, in accordance with Article 2426, paragraph 1, no. 8 of the Italian Civil Code. For payables for which the application of the amortised cost method and/or discounting has been found to be immaterial, which is the case for all of them, recognition at nominal value has been maintained in order to give a true and fair view of the company's financial and economic position. This occurred, for example, for payables due within twelve months or, with reference to the amortised cost criterion, where transaction costs, fees and any other difference between initial value and value at maturity are of little significance or, in the case

of discounting, where the interest rate inferable from the contractual terms is not significantly different from the market interest rate.

Changes in and maturity of payables
The following table shows information on changes in payables and any information on their maturity.

	VALUE AT START OF YEAR	CHANGE IN YEAR	VALUE AT END OF YEAR	PORTION DUE WITHIN THE YEAR	PORTION DUE AFTER THE YEAR
Payables to banks	5,164,637	(2,100,418)	3,064,219	1,252,305	1,811,914
Advances	1,632	1,883	3,515	3,515	-
Payables to suppliers	4,486,928	574,629	5,061,557	5,061,557	-
Tax payables	335,444	(191,864)	143,580	143,580	-
Payables to social security institutions	76,488	17,710	94,198	94,198	-
Other payables	426,408	80,722	507,130	507,130	-
Total	**10,491,537**	**(1,617,338)**	**8,874,199**	**7,062,285**	**1,811,914**

Breakdown of payables by geographical area
The breakdown by geographical area is not provided as the information is not significant.

Payables secured by collateral on company assets
It should be noted that no payables are secured by collateral on company assets.

Payables outstanding at the end of the year amount to a total of Euro 8,868,851.

Details of payables for mortgages and loans from credit institutions are shown below:

INSTITUTION	ORIGINAL AMOUNT	SIGNING DATE	TERM	OUTSTANDING DEBT AT 31/12/2018	NOTES
Banca Valsabbina Scpa	400,000	27/11/2013	6 years	69,122	
Unicredit Spa	1,000,000	07/05/2014	5 years	100,000	EIB
Unicredit Spa	1,000,000	29/06/2016	5 years	500,000	EIB
Ubi Banca Spa	2,000,000	17/07/2017	7 years	1,601,675	
Ubi Banca Spa	2,000,000	26/11/2014	5 years	500,000	Sabatini Law
Intesa Sanpaolo Spa	500,000	30/11/2016	5 years	293,418	

ACCRUALS AND DEFERRED INCOME

Accruals and deferrals have been calculated on an accruals basis, by allocating costs and/or revenue common to two or more financial years.
When recognising and reviewing multi-year deferred income, the existence or continuation of the time condition was verified. Where this condition has changed, the appropriate adjustments have been made.

Accruals and deferred income amount to a total of euro 4,477,577, an increase of euro 353,260 compared with the previous year's figure of euro 4,124,317.

It should be noted that accruals and deferred income have the following maturities:

- within the next financial year: euro 2,578,361;
- after the next financial year: euro 1,899,216, of which euro 1,302,350 after the next five years.

It should be noted that this item consists mainly of the following accounting entries:

Accruals

- accruals for rental of infrastructure access (euro 18,065);
- accruals for utilities (euro 30,864);
- accruals for commissions (euro 42,824).

Deferred income

- deferred income for "Infratel" capital grants relating to the structural investments provided for by the MISE Calls for Tenders (euro 1,861,787);
- deferred income for periodic fees for services pertaining to future years (euro 2,271,600);
- deferred income for the Sabatini Law grant (euro 46,304);
- deferred income for one-off activation contributions (euro 50,000);
- deferred income for revenue from IRU transfers (euro 123,599).

2.2.7 EXPLANATORY NOTES /INCOME STATEMENT

The income statement shows the result for the year.
It provides a representation of operations by summarising the positive and negative income components that contributed to determining the result for the year. The positive and negative income components, recognised in the financial statements in accordance with Article 2425-bis of the Italian Civil Code, are classified according to the area of activity to which they belong: core, ancillary and financial.
Core activities identify the income components generated by transactions that occur on a continuous basis and in the sector relevant to the conduct of operations, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and for which it exists.
Financial activities consist of transactions that generate financial income and expenses.
On a residual basis, ancillary activities consist of transactions that generate income components that are part of ordinary activities but do not fall within core and financial activities.

VALUE OF PRODUCTION

Revenue is recognised in the financial statements on an accruals basis, net of returns, allowances, discounts and premiums, as well as of taxes directly related to it.
Revenue from the sale of goods is recognised at the time of delivery or shipment of the goods.
Revenue from the provision of services is recognised when the service is rendered, i.e. when the service has been performed; in the specific case of continuous services, the related revenue is recognised for the portion accrued.
Other Revenue and Income also include items of a different nature that can nevertheless be classified within the Value of Production.

Comment

A1) Revenue from sales and services

Revenue from Sales and Services for the year amounted to

euro 17,201,907, an increase of euro 2,800,192 compared with the previous year's figure of euro 14,401,715.

ITEM	31/12/2018	31/12/2017	CHANGE
Revenue from sales and services	17,201,907	14,401,715	2,800,192
Total	**17,201,907**	**14,401,715**	**2,800,192**

Income from the transfer of rights of use to third parties (IRU income) is recognised under "Revenue from sales and services" (euro 7,854) and is taken to the income statement on a time-accrual basis over the contractual term of the concession.

A5) Other revenue and income

Other Revenue and Income amount to a total of euro 681,325, an increase of euro 306,199 compared with the previous year's figure of euro 375,126.

It should be noted that this item consists of the following accounting entries

ITEM	31/12/2018	31/12/2017	CHANGE
Capital grants	159,857	168,547	(8,690)
Tax credit for Listing Bonus Contribution	416,008	0	416,008
Other revenue and income	105,460	206,579	(101,119)
Total	**681,325**	**375,126**	**306,199**

Capital grants
These have been recognised in the income statement under "Other Revenue and Income" and deferred on an accruals basis to subsequent years through the recognition of corresponding deferred income in the balance sheet.
Under this method, once the fixed asset has come into operation, depreciation is calculated on its actual cost, while the related capital grant, calculated on the basis of the amounts actually reported, is taken to the income statement only for the portion

pertaining to the year, calculated on the basis of the useful life of the asset

Tax credit for Listing Bonus Contribution
In order to benefit from the provisions of paragraph 89 et seq. of Law no. 205 of 27 December 2017, the Directors examined the costs incurred for the listing and submitted the related documentation for the necessary checks and for certification by the Chairman of the Board of Statutory Auditors as to the actual incurrence of the costs and their eligibility, pursuant to Article 4, paragraph 4 of the Interministerial Decree of 23 April 2018, published in Official Gazette no. 139 of 18 June 2018. On the basis of the above, the specific application for the recognition of this credit was submitted, and the credit has been recognised in the financial statements in correlation with the related costs incurred.

Breakdown of revenue from sales and services by geographical area
The breakdown by geographical area is not provided as the information is not significant.

COSTS OF PRODUCTION

Costs and charges are recognised on an accruals basis and by nature, net of returns, allowances, discounts and premiums, in accordance with the principle of matching with revenue, and are recorded under the respective items as provided for by accounting standard OIC 12. As regards purchases of goods, the related costs are recognised when the substantial, rather than formal, transfer of title has occurred, taking the transfer of risks and rewards as the reference parameter for substantial transfer.

B6) Costs for raw materials, ancillary materials, etc.
Costs for raw materials amount to a total of euro 122,384, a decrease of euro 188,223 compared with the previous year's figure of euro 310,607.

B7) Costs for services

Costs for services amount to a total of euro 3,357,104, an increase of euro 1,104,183 compared with the previous year's figure of euro 2,252,921.

It should be noted that this item consists of the following accounting entries:

ITEM	31/12/2018	31/12/2017	CHANGE
Utilities	220,327	160,520	59,807
Maintenance	264,951	275,823	(10,872)
Telephone traffic	353,591	491,815	(138,224)
Advertising	382,838	227,805	155,033
Commissions	174,983	170,065	4,918
External collaborations	183,723	194,685	(10,962)
Directors' fees	262,380	240,000	22,380
Board of Statutory Auditors' fees	20,696	21,736	(1,040)
Consultancy	170,126	121,867	48,259
AIM market listing project costs	888,361	0	888,361
Ancillary personnel costs	234,034	195,240	38,794
Bank and postal charges	69,053	61,888	7,165
Other service costs	132,051	91,477	47,729
Total	**3,357,104**	**2,252,921**	**1,104,183**

B8) Costs for use of third-party assets

Costs for use of third-party assets amount to a total of euro 4,661,197, an increase of euro 962,222 compared with the previous year's figure of euro 3,698,975.

It should be noted that this item consists of the following accounting entries:

ITEM	31/12/2018	31/12/2017	CHANGE
Rental of network infrastructure	4,448,340	3,418,310	1,030,030
Rent	67,647	195,278	(127,631)
Hire charges	76,956	70,325	6,631
Other sundry costs	68,254	15,062	53,192
Total	**4,661,197**	**3,698,975**	**962,222**

B9) Personnel costs
Personnel costs amount to a total of euro 2,590,483, an increase of euro 263,277 compared with the previous year's figure of euro 2,327,206.

B10) Amortisation, depreciation and write-downs
Amortisation, depreciation and write-downs amount to a total of euro 2,616,628, an increase of euro 444,551 compared with the previous year's figure of euro 2,172,077.

B14) Other operating expenses
Other operating expenses amount to a total of euro 345,370, a decrease of euro 145,397 compared with the previous year's figure of euro 490,767.
It should be noted that this item consists of the following accounting entries:

ITEM	31/12/2018	31/12/2017	CHANGE
Concession fees for TLC Frequency Authorisations	175,214	155,752	19,462
Bad debt losses	30,649	*149,944	(119,295)
Membership fees	17,204	15,381	1,823
IMU tax	14,566	14,566	0
TASI tax	1,121	1,105	16
Other taxes and duties	60,209	30,130	30,079
Other sundry operating expenses	46,407	123,889	(77,482)
Total	**345,370**	**490,767**	**(145,397)**

** of which approximately euro 100,000 non-recurring.*

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognised on an accruals basis in relation to the portion accrued during the year.
Grants aimed at reducing interest expense on loans are recognised under item C.16.d if obtained in the year following that in which the interest expense was recognised.

C16) Other financial income

Other financial income amounts to a total of euro 44,308, a decrease of euro 3,575 compared with the previous year's figure of euro 47,883.
It should be noted that this item consists of the following accounting entries:

ITEM	31/12/2018	31/12/2017	CHANGE
Interest income on bank deposits	12,914	2,069	10,845
Sabatini Law operating grants	30,869	30,869	0
Other financial income	525	14,945	(14,420)
Total	**44,308**	**47,883**	**(3,575)**

C17) Interest and other financial expenses

Interest and other financial expenses amount to a total of euro 75,999, a decrease of euro 25,456 compared with the previous year's figure of euro 101,455.
It should be noted that this item consists of the following accounting entries:

ITEM	31/12/2018	31/12/2017	CHANGE
Interest expense on mortgages	16,864	30,802	(13,938)
Interest expense on loans	49,748	64,608	(14,860)
Other financial expenses	9,387	6,045	3,342
Total	**75,999**	**101,455**	**(25,456)**

D19) Write-downs

VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES

Write-downs of equity investments
Write-downs of equity investments amount to a total of euro 105, a decrease of euro 810 compared with the previous year's figure of euro 915.

AMOUNT AND NATURE OF INDIVIDUAL ITEMS OF REVENUE/ COSTS OF EXCEPTIONAL SIZE OR INCIDENCE

During the year, in connection with the AIM listing project, costs considered exceptional and non-recurring were incurred for €806 thousand, and exceptional positive income components relating to the listing Tax Credit were recognised for €416 thousand.

INCOME TAXES FOR THE YEAR, CURRENT, DEFERRED AND PREPAID

The company has provided for taxes for the year on the basis of the tax regulations in force. Current taxes refer to the taxes pertaining to the year as shown in the tax returns. Finally, deferred tax liabilities and deferred tax assets relate to positive or negative income components that are respectively subject to taxation or deduction in years other than those in which they are recognised for statutory purposes.

Deferred and prepaid taxes
This item includes the impact of deferred taxation on these financial statements. It arises from temporary differences between the values attributed to an asset or liability under statutory criteria and the corresponding values recognised for tax purposes. The company has determined deferred taxation with reference to IRES and IRAP. The following table shows in detail the amounts making up the item "Current, Deferred and Prepaid Taxes":

ITEM	IRES	IRAP	VALUE AT 31/12/2018
Current taxes	777,280	171,370	948,650
Total current taxes	**777,280**	**171,370**	**948,650**
Deferred taxes	0	0	0
Prepaid taxes	762	124	886
Total deferred and prepaid taxes	**762**	**124**	**886**
Total income taxes for the year	**778,042**	**171,494**	**949,536**

2.2.8 EXPLANATORY NOTES /CASH FLOW STATEMENT

The company has prepared the cash flow statement, which is the summary document that reconciles the changes in the company's equity during the year with the changes in its financial position; it highlights the financial resources the company needed during the year and how they were used.

With regard to the method used, it should be specified that the company adopted, as provided for by OIC 10, the indirect method, under which the cash flow is reconstructed by adjusting the result for the year for non-cash components.
It is considered appropriate to point out that the cash flows deriving from financing activities are affected by the item "Paid capital increase" in the amount of euro 10,000,725, resulting from the "IPO" listing transaction on Borsa Italiana's AIM market already mentioned above.

2.2.9 EXPLANATORY NOTES /OTHER INFORMATION

The other information required by the Italian Civil Code is set out below.

EMPLOYMENT DATA

The following table shows the average number of employees, broken down by category and calculated on the basis of the daily average.

	MIDDLE MANAGERS	WHITE-COLLAR STAFF	OTHER EMPLOYEES	TOTAL EMPLOYEES
Average number	4	54	3	61

FEES, ADVANCES AND LOANS GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS UNDERTAKEN ON THEIR BEHALF

The following table shows the information required by Article 2427 no. 16 of the Italian Civil Code; there are no advances or loans, and no commitments have been undertaken on behalf of the administrative body as a result of guarantees of any kind given.

	DIRECTORS	AUDITORS
Fees	262,380	20,696

FEES PAID TO THE STATUTORY AUDITOR OR AUDIT FIRM

The following table shows the fees due to the audit firm.

	STATUTORY AUDIT
Fees	13,500

CATEGORIES OF SHARES ISSUED BY THE COMPANY

By deed of Notary Gianmatteo Rizzonelli – Rep. no. 33,385, Coll. no. 22,403, mentioned above, in order to facilitate the listing and placement process the Company decided to split the outstanding shares at a ratio of three newly issued shares for each share previously held by the shareholders. As a result, the ordinary shares outstanding increased from 3,810,000 (three million eight hundred and ten thousand) to 11,430,000 (eleven million four hundred and thirty thousand), of which, with effect from the start of trading of the ordinary shares on AIM Italia, 1,714,500 (one million seven hundred and fourteen thousand five hundred) PAS Shares (Price Adjustment Shares), not listed.

Admission to listing followed a placement of 4,861,000 ordinary shares, of which:

- 4,420,500 newly issued, namely:
  - »» 4,273,500 ordinary shares from the capital increase reserved for the market;
  - »» 147,000 ordinary shares from the capital increase reserved for employees and directors;
- 440,500 existing shares corresponding to approximately 10% of the placement, from the exercise of the Greenshoe option granted by the shareholders Daniele Peli and Marisa Prati.

After the placement, the Company's share capital consists of 15,850,500 shares with no nominal value.

SECURITIES ISSUED BY THE COMPANY

The company has not issued any securities or similar instruments falling under Article 2427 no. 18 of the Italian Civil Code.

DETAILS OF OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

The company has not issued other financial instruments pursuant to Article 2346, paragraph 6, of the Italian Civil Code.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT SHOWN IN THE BALANCE SHEET

The information required by Article 2427 no. 9 of the Italian Civil Code is set out below.
Specifically, these are the residual "Finance Lease Payments" relating to lease contracts for two cars used by the directors (euro 55,570), as well as "Bank guarantees" (euro 279,179) and "Insurance guarantees" (euro 390,450), issued in the company's interest in favour of third parties, mainly Public Bodies, in connection with the works for laying "Fibre" on public land.

INFORMATION ON ASSETS AND FINANCING ALLOCATED TO A SPECIFIC BUSINESS

Assets allocated to a specific business
It is hereby stated that at the reporting date there are no assets allocated to a specific business as referred to in no. 20 of Article 2427 of the Italian Civil Code.

Financing allocated to a specific business
It is hereby stated that at the reporting date there is no financing allocated to a specific business as referred to in no. 21 of Article 2427 of the Italian Civil Code.

INFORMATION ON RELATED PARTY TRANSACTIONS

For the purposes of the legislation in force, it is reported that no related party transactions were carried out during the year.

INFORMATION ON AGREEMENTS NOT SHOWN IN THE BALANCE SHEET

No agreements not shown in the balance sheet were entered into during the year.

INFORMATION ON SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

With reference to point 22-quater of Article 2427 of the Italian Civil Code, there are no significant events after the end of the year that have had a material impact on the company's financial position and results.

COMPLIANCE WITH TRANSPARENCY AND DISCLOSURE OBLIGATIONS UNDER LAW 124/2017

In 2018 Intred generated turnover with the Public Administration of euro 0.7 million, representing 4% of the total. These are relationships governed by synallagmatic contracts managed according to market rules. According to the most recent pronouncements of Assonime and Cndcec, such transactions fall outside the transparency and disclosure obligation provided for by Law 124/2017, and it is therefore not considered necessary to report the information in detail.

COMPANIES PREPARING THE FINANCIAL STATEMENTS OF THE LARGEST/ SMALLEST GROUP OF COMPANIES OF WHICH THE COMPANY FORMS PART AS A SUBSIDIARY

There are no cases falling under Article 2427, nos. 22-quinquies and sexies of the Civil Code.

INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS PURSUANT TO ART. 2427-BIS OF THE ITALIAN CIVIL CODE

In order to reduce the risk of adverse changes in interest rates, derivative contracts were entered into for hedging purposes (IRS).
The derivative contracts entered into are correlated with the payables relating to the loan agreements entered into.
In particular, there is a high correlation between the technical/financial characteristics of the hedged liabilities and those of the hedging contract, and there is also the intention to carry out the hedge.
Transactions in derivative financial instruments are accounted for consistently with the underlying transactions they hedge, or at market value where applicable.
The derivative transactions still outstanding at 31/12/2018 have the following characteristics:

INSTITUTION	UBI BANCA SPA	UBI BANCA SPA	UNICREDIT SPA
Contract reference	141822	162252	9273285
Purpose	Hedging	Hedging	Hedging
Notional Value (31/12/2018)	500,000	1,601,675	500,000
Underlying financial risk	Interest rate risk	Interest rate risk	Interest rate risk
Mark to Market	-2,914	-19,198	234
Start date	03/12/2014	17/07/2017	06/07/2016
Maturity	29/09/2019	17/07/2024	30/06/2021

SUMMARY OF THE FINANCIAL STATEMENTS OF THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION

Pursuant to Article 2497-bis, paragraph 4 of the Italian Civil Code, it is hereby stated that the company is not subject to management and coordination by another entity.

PRIVACY AND DATA PROTECTION

In compliance with Article 13 of European Privacy Regulation no. 679/2016 ("GDPR"), laying down provisions on the technical and organisational measures to be adopted for the protection of sensitive data processed with IT tools, it is noted that "INTRED SPA" has continued its activities to ensure compliance with the regulations in force.

PROPOSED ALLOCATION OF PROFIT OR COVERAGE OF LOSSES

Dear Shareholders, in the light of the above, the administrative body proposes that the profit for the year of euro 3,208,734 be allocated as follows:

- euro 160,437 to the legal reserve;
- euro 2,731,287 to the extraordinary reserve;
- euro 317,010 as a dividend to be paid to shareholders of euro 0.02 gross per ordinary share outstanding, using the available reserves.

The proposed dividend distribution provides for the following timetable:

- ex-dividend date 6 May 2019;
- payment entitlement date 7 May 2019 (record date);
- payment date 8 May 2019.

2.2.10 EXPLANATORY NOTES /FINAL SECTION

Dear Shareholders, we confirm that these financial statements, consisting of the balance sheet, income statement, cash flow statement and notes to the financial statements, give a true and fair view of the company's financial position and results of operations for the year and are consistent with the accounting records. We therefore invite you to approve the draft financial statements at 31/12/2018, together with the proposed allocation of the result for the year, as prepared by the administrative body.
The Financial Statements are true and accurate and are consistent with the accounting records.

Brescia, 19/03/2019

For the Board of Directors

Daniele Peli, Chairman of the Board of Directors



AUDITORS' REPORT

INTRED S.P.A.

Relazione della società di revisione indipendente ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39

Bilancio d'esercizio al 31 dicembre 2018

Tel: +39 030.24.29.821
Fax: +39 030.40.77.005
www.bdo.it

Via Cefalonia, 70
25125 Brescia

Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39

Agli azionisti della
INTRED S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della INTRED S.p.A. (la Società) costituito dallo stato patrimoniale al 31 dicembre 2018, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2018, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

Gli amministratori della INTRED S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della INTRED S.p.A. al 31 dicembre 2018, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della INTRED S.p.A. al 31 dicembre 2018 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della INTRED S.p.A. al 31 dicembre 2018 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Brescia, 4 aprile 2019

BDO Italia S.p.A.

Edoardo Vallazza
Socio

BOARD OF STATUTORY AUDITORS' REPORT

RELAZIONE UNITARIA DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEGLI AZIONISTI CON RIFERIMENTO AL BILANCIO CHIUSO AL 31 DICEMBRE 2018 DELLA SOCIETA' INTRED S.P.A.

All'Assemblea degli azionisti della società INTRED S.P.A. con sede legale in Brescia, via Tamburini n. 1, iscritta al Registro delle Imprese di Brescia C.F.: 11717020157, R.E.A. n. BS-366982, capitale sociale euro 10.000.000,00 interamente versato.

Premessa

La presente relazione è stata approvata collegialmente ed in tempo utile per il suo deposito presso la sede sociale, nei 15 giorni che precedono la data della prima convocazione dell'assemblea avente per oggetto l'approvazione del bilancio di esercizio oggetto di commento.

Il Consiglio di Amministrazione ha approvato in data 19 marzo 2019 – e reso disponibile in pari data – il progetto di bilancio ordinario relativo all'esercizio chiuso al 31 dicembre 2018, composto da Stato Patrimoniale, Conto Economico, dal Rendiconto Finanziario e dalla Nota Integrativa, corredato dalla Relazione degli Amministratori sulla Gestione di cui all'articolo 2428 del codice civile.

Si dà preliminarmente atto che, a seguito di quanto deliberato dall'assemblea degli azionisti di Intred S.p.A. in data 13 giugno 2018, Borsa Italiana S.p.A. in data 16 luglio 2018 ha emesso un provvedimento di ammissione alla negoziazione sul sistema multilaterale di negoziazione AIM Italia delle azioni ordinarie della società, con decorrenza dal 18 luglio 2018. Ulteriori informazioni sulle modalità e sui termini dell'operazione sono contenute nella Nota Integrativa.

Il collegio sindacale, nell'esercizio chiuso al 31 dicembre 2018, ha svolto le funzioni previste dall'articolo 2403 del codice civile. Il collegio sindacale ha altresì svolto le funzioni di cui all'articolo 2409-bis del codice civile, limitatamente al periodo dal 1 gennaio 2018 al 13 giugno 2018, data in cui è stato conferito l'incarico di revisione a BDO Italia S.p.A., società di revisione a cui quale spetta altresì esprimere un giudizio sul bilancio di esercizio tramite la "Relazione della società di revisione indipendente ai sensi dell'articolo 14 del D.Lgs. 27 gennaio 2010, n. 39". Tale relazione evidenzia che il bilancio di esercizio della Intred S.p.A. fornisce una rappresentazione veritera e corretta della situazione patrimoniale e finanziaria, del risultato economico e dei flussi di cassa della società al 31 dicembre 2018, in conformità alle norme che ne disciplinano i criteri di redazione; inoltre non evidenza rilievi per deviazioni significative, ovvero giudizi negativi o impossibilità di esprimere un giudizio o richiami di informativa.

La presente relazione unitaria contiene pertanto la sola "Relazione ai sensi dell'art. 2429, comma 2, del codice civile".

B) Relazione sull'attività di vigilanza ai sensi dell'art. 2429, comma 2, c.c.

Nel corso dell'esercizio chiuso al 31 dicembre 2018 la nostra attività è stata ispirata alle disposizioni di legge e alle Norme di comportamento del collegio sindacale di società quotate, emanate nel mese di aprile 2018 dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, nel rispetto delle quali abbiamo effettuato l'autovalutazione, con esito positivo, per ogni componente il collegio sindacale.

Il collegio sindacale è stato nominato in data 29 aprile 2016 e successivamente integrato, in data 5 aprile 2018, per tenere conto delle dimissioni formulate del presidente all'epoca in carica. Dato atto della consolidata conoscenza in merito alla tipologia dell'attività svolta dalla società ed alla sua struttura organizzativa e contabile, tenendo altresì conto delle dimensioni e delle problematiche dell'azienda, la fase di pianificazione dell'attività di vigilanza – consistente nella valutazione dei rischi intrinseci e delle criticità rispetto ai parametri sopra evidenziati – è stata attuata mediante il risontro positivo riguardo a quanto già conosciuto in base alle informazioni acquisite nel corso del tempo.

È stato pertanto possibile verificare che:

- l'attività svolta dalla società non è mutata nel corso dell'esercizio ed è coerente con quanto previsto dall'oggetto sociale;
- l'assetto organizzativo è stato adeguato, per tenere conto delle crescenti dimensioni aziendali e dell'insorgenza di nuovi obblighi normativi e regolamentari scaturenti dalla quotazione su AIM Italia, mediante l'istituzione di una nuova figura all'interno del reparto amministrativo (CFO & Investor Relations Officer);
- le risorse umane costituenti la forza lavoro, oltre a quanto espresso al precedente punto, sono state adeguate alle accresciute dimensioni aziendali, portando il numero medio dei dipendenti a 61, contro 54 dell'esercizio precedente;
- è stato innalzato a 5 il numero dei componenti del consiglio di amministrazione, ampliandone le competenze e le esperienze professionali, attribuendo in maniera razionale alcune deleghe ed ottemperando inoltre alle disposizioni di cui all'art. 147-ter, comma 4, del TUF in materia di amministratori indipendenti.

Le attività svolte dal collegio sindacale hanno riguardato pertanto l'intero esercizio 2018, nel corso del quale sono state svolte regolarmente n. 5 riunioni di cui all'articolo 2404 del codice civile, delle quali sono stati redatti gli appositi verbali debitamente sottoscritti per approvazione unanime.

B1) Attività di vigilanza ai sensi dell'art. 2403 e ss. c.c.

Nel corso dell'esercizio 2018, abbiamo vigilato sull'osservanza della legge e dello statuto e sul rispetto dei principi di corretta amministrazione.

Abbiamo partecipato a n. 4 assemblee dei soci ed a n. 10 riunioni del consiglio di amministrazione, in relazione alle quali, sulla base delle informazioni disponibili, non abbiamo rilevato violazioni della legge e dello statuto, né

operazioni manifestamente imprudenti, azzardate, in potenziale conflitto di interesse o tali da compromettere l'integrità del patrimonio sociale.

Abbiamo acquisito in maniera continuativa dal sig. Daniele Peli, in veste di Presidente del Consiglio di Amministrazione, munito di ampi poteri in merito alla gestione della società, nonché dalla sig.ra Marisa Prati, alla quale fanno capo alcune specifiche deleghe, sia durante le riunioni del collegio sindacale svolte nell'anno 2018, sia nel corso dei vari Consigli di Amministrazione svolti nel corso dell'anno e – in particolare – durante il Consiglio di Amministrazione di data 12 novembre 2018 avente ad oggetto l'informativa di cui all'articolo 2381, comma 5, del codice civile, informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione, nonché sulle operazioni di maggiore rilievo, per le loro dimensioni o caratteristiche, effettuate dalla società e dalle sue controllate e, in base alle informazioni acquisite, non abbiamo osservazioni particolari da riferire.

Abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza e sul funzionamento dell'assetto organizzativo della società, anche tramite la raccolta di informazioni dai responsabili delle funzioni e a tale riguardo non abbiamo osservazioni particolari da riferire.

Abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza e sul funzionamento del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni e l'esame dei documenti aziendali, e a tale riguardo, non abbiamo osservazioni particolari da riferire.

Abbiamo verificato, a seguito di una puntuale e continua informativa da parte della società e dei suoi consulenti in ambito legale, la correttezza delle procedure svolte per la richiesta di ammissione al sistema di negoziazione multilaterale di AIM Italia, l'aggiornamento costante dei documenti contabili e finanziari richiesti, l'implementazione delle necessarie procedure e la loro pubblicazione sul sito internet della società.

Non sono pervenute denunzie dai soci *ex* art. 2408 del codice civile, né sono state fatte denunce ai sensi dell'articolo 2409 del codice civile.

Il collegio sindacale non ha dovuto intervenire per omissioni dell'organo amministrativo, ai sensi dell'articolo 2406 del codice civile.

Si segnala che nel corso dell'esercizio è stata rilasciata una proposta motivata in merito alla nomina della società di revisione; la società ha aderito alla proposta formulata, optando per conferire l'incarico in conformità alla proposta motivata espressa dal colelgio sindacale.

Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi altri fatti significativi tali da richiederne la menzione nella presente relazione.

B2) Osservazioni in ordine al bilancio d'esercizio

Per quanto a nostra conoscenza, gli amministratori, nella redazione del progetto di bilancio, non hanno derogato alle norme di legge ai sensi dell'art. 2423, commi 4 e 5, o dell'articolo 2423-bis, comma 2, del codice civile.

Non risultano iscritti in bilancio attività per le quali, ai sensi dell'articolo dell'art. 2426, n. 5, del codice civile, sia necessario il consenso del collegio sindacale.

Ai sensi dell'art. 2426, n. 6 c.c., si dà atto della presenza della voce "avviamento" nell'attivo patrimoniale, iscritta con il consenso del collegio sindacale nel corso di precedenti esercizi, che risulta ammortizzato con un criterio sistematico per la durata di 10 anni.

Sono state fornite, all'interno della nota integrativa, le informazioni richieste dall'articolo 2427-bis del codice civile relativamente agli strumenti finanziari derivati

Gli impegni ele garanzie di cui all'articolo 2427, n. 9, del codice civile, sono stati adeguatamente illustrati all'interno della nota integrativa.

B3) Osservazioni e proposte in ordine alla approvazione del bilancio

Sulla base di quanto esposto all'interno della presente relazione, per quanto è stato portato a conoscenza del collegio sindacale ed è stato riscontrato nel corso dei controlli periodici svolti, nonché sulla base della relazione della società di revisione indipendente BDO Italia S.p.A., il collegio sindacale ritiene all'unanimità che non esistano ragioni ostative all'approvazione del bilancio di esercizio chiuso al 31 dicembre 2018, così come è stato redatto dall'organo amministrativo.

Il collegio sindacale concorda con la proposta di destinazione del risultato d'esercizio fatta dagli amministratori in nota integrativa.

Brescia, 4 aprile 2019

Il Collegio Sindacale

Vittorio Giongo

Salvatore Capatori

Giovanbattista Lechi di Bagnolo

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nadir.com

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