Annual Report 2023

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Contents

Letter to Shareholders	4
Corporate Bodies	6
Directors' Report at 31 December 2023	6
Significant Group Figures and Result Indicators	7
Summary of the Operations in 2023	9
Significant Exprivia Figures and Result Indicators	10
Profile of Exprivia Group	12
Performance Trend of the Exprivia Group	27
Risks and Uncertainties	34
Material Events in 2023	41
Events after 31 December 2023	42
Corporate Governance and Ownership Structures	42
Non-financial Data Report	43
Exprivia's Stock Market Performance	43
Business Outlook	44
Investments	44
Management Training and Development	48
Staff and Turnover	49
Integrated Management System	50
Organisation, Management and Control Model (pursuant to Italian Legislative Decree no. 231/2001)	53
Inter-company relations	53
Relations with Related Parties	54
Report on Management and Coordination Activities	54
Group Relations with the Parent Company	55
Consolidated Financial Statements of the Exprivia Group at 31 December 2023	57
Consolidated Financial Statements at 31 December 2023	57
Explanatory Notes to the Consolidated Financial Statements of the Exprivia Group at 31 December 2023	64
Related Parties	126

Certification of the Consolidated Financial Statements pursuant to art. 154-bis of Italian Legislative Decree no. 58/98 134

Independent Auditors' Report on the Consolidated Financial Statements of the Exprivia Group at 31 December 2023 135

Statutory Auditors’ Report to the General Shareholders’ Meeting pursuant to art. 153 of Italian Legislative Decree no. 58/98 ("T.U.F.") and art. 2429 of the Italian Civil Code 141

Financial statements of Exprivia SpA at 31 December 2023 155

Explanatory Notes to the Separate Financial Statements of Exprivia SpA at 31 December 2023 162

Report on Management and Coordination Activities 162

Exprivia Shares held directly by members of the Board of Directors 200

Certification of the Financial Statements pursuant to Art. 154-bis of Italian Legislative Decree no. 58/98 229

Independent Auditors' Report on the Financial Statements of Exprivia SpA at 31 December 2023 230

Letter to Shareholders

Dear Shareholders,

The year 2023 was an important year for the development and growth of our company despite a geopolitical and macroeconomic context of great uncertainty and volatility. The war between Russia and Ukraine was compounded by Hamas' aggression against Israel and its consequent reaction, which caused not only a very difficult humanitarian crisis for the Palestinians, but also strong instability throughout the Middle East.

Inflation, which at the end of the year began to decline in the main Western countries, forced the cost of money to remain high, which in turn depressed GDP growth compared to the previous year.

In Italy, the economy slowed down, albeit in a market situation characterised by NRRP investments, particularly in the public and infrastructure sectors.

Despite this context, the national digital market continued to grow, closing +2.8% compared to an opening forecasting of just over 3%. The +10% growth of the IT services sector and that of software and ICT solutions, which reached +5.8%, contributed to this result. All this has led to a total Italian digital market of about Euro 79 billion, still expected to grow in the coming years to exceed 90 billion in 2026.

The driving role for the entire market, including the cloud, which stood out for the significant volume of investment achieved, of "Digital enablers" and of the growth of AI technologies, that have characterised the entire debate regarding the expected innovation in the coming years, together with the important benefits to be achieved and some fears linked above all to the correct use of data, has been confirmed.

Confirming its ability to respond to the increasing demand for technology and advanced services, Exprivia saw an exclusively organic increase in turnover with growth of just over 10%, which brought the value of production to over 200 million, with a margin of 13.4%. This is thanks to the development of the aerospace and energy sectors, which grew by 37.2% and 26.6% respectively, followed by banks and finance and the healthcare sector. To this must be added the good performance of collections, which brought net financial debt to just over 7.2 million.

For the near future we want to extend all our applications/solutions with Artificial Intelligence services, as we are convinced that it represents one of the most disruptive technologies available, able to accelerate the changes taking place. We have achieved a position of excellence in Cybersecurity: our quarterly observatory is now mentioned in many authoritative contexts, including internationally.
We have consolidated our presence in the Space Economy by engaging in important collaborations with players in that market who consider us as playing a complementary role and bearers of a significant specialisation. In the Healthcare world, we are recognised as one of the key players and our systems are used by millions of citizens in many Italian regions.

These results were achieved thanks to the commitment of everyone who worked by combining the development of internal skills with a strong collaboration with the main technology vendors and an ecosystem of partners composed of specialised companies, innovative start-ups, research centres and universities throughout Italy, confirming good technological leadership in all market sectors in which Exprivia is present.

We are committed to spreading a sustainable and inclusive culture. Furthermore, our sustainability report (non-financial statement) every year includes additional reporting elements and information we share particularly on the aspects of the company's responsible and green activity that are not strictly economic, convinced as we are that sustainable and responsible success, hoped for by all governance bodies, is achievable through the widespread and constant attention to ESG issues.

I would like to thank all our customers who continue to place their trust in us, and allow us to develop distinctive expertise, together with all our employees and management, who are committed every day to the development of our solutions.

In this way, we are sure that we can contribute to the growth of the entire country and in particular of the territories in which we are rooted and from which we draw the values that help us look to the future with serenity and ambition.

Domenico Favuzzi

Chairman and Chief Executive Officer, Exprivia

Corporate Bodies

Board of Directors

Chairman and Chief Executive Officer
Domenico Favuzzi

Directors
Dante Altomare (Vice-Chairman)
Angela Stefania Bergantino (2)
Marina Lalli (2)
Alessandro Laterza (3)
Valeria Savelli (1)
Giovanni Castellaneta

Board of Statutory Auditors

Chairman
Dora Savino

Standing Auditors
Andrea Delfino
Mauro Ferrante

Independent Auditors
BDO Italia SpA

(1) Directors not vested with operating powers
(2) Independent directors pursuant to the Corporate Governance Code of the Corporate Governance Committee
(3) Lead Independent Director

Directors' Report at 31 December 2023

exprivia

Significant Group Figures and Result Indicators

The following is a summary of the main consolidated economic, capital and financial data of Exprivia SpA and its subsidiaries (hereinafter also referred to as the "Group" or the "Exprivia Group") at 31 December 2023 and 31 December 2022.

amount in thousand Euro	31.12.2023	31.12.2022
Total revenues	202,986	183,712
net proceeds	195,029	176,099
increase to assets for internal work	1,701	1,467
other proceeds and contributions	6,256	6,146
Difference between costs and production proceeds (EBITDA)	27,234	25,118
% on total revenues	13.4%	13.7%
Net operating result (EBIT)	21,390	19,195
% on total revenues	10.5%	10.4%
Profit / (Loss) for the period	13,157	11,533
Group net equity	94,837	82,672
Total assets	223,436	207,232
Capital stock	24,006	24,284
Net working capital (1)	15,974	14,661
Cash flow (2)	19,285	18,983
Fixed capital (3)	97,394	97,342
Investment (4)	2,356	2,076
Cash and cash equivalents / securities / other financial assets (a)	30,040	22,605
Financial payables / other short-term financial liabilities (b)	(22,762)	(22,676)
Financial payables / other medium / long-term financial liabilities (c)	(14,507)	(18,260)
Net financial debt (5)	(7,229)	(18,331)

(1) – "Net working capital" is calculated as the sum of the total current assets, less cash and cash equivalents, less total current liabilities plus current payables to banks and current bond issues.

(2) - The Cash Flow represents the cash flow generated (absorbed) by the income management.

(3) Fixed capital is equal to total non-current assets

(4) - Investments are calculated as the sum of cash flows absorbed by increases in property, plant and equipment and intangible assets and equity investments, net of payments for sales.

(5) - Net Financial Debt: a+b+c

The table below shows the main economic indicators of the Group at 31 December 2023, compared with the same period of the previous year.

Exprivia Group	31.12.2023	31.12.2022
ROE index (Result for the period / Group shareholders' equity)	13,88%	13.95%
ROI index (Net operating margin / Net invested capital) (6)	21.33%	19.17%
ROS index (Net operating margin / Revenues from sales and services)	10.97%	10.90%
Financial charges (7) / Result for the year	0.24	0.22

(6) **Net invested capital:** equal to net working capital plus non-current assets net of non-current liabilities (excluding bank debt and bond issues).

(7) **Financial charges:** calculated net of interest cost IAS 19

The table below shows the main capital and financial indicators of the Group referring to 31 December 2023 and 31 December 2022.

Exprivia Group	31.12.2023	31.12.2022
Net Financial Debt / Equity Capital	0.08	0.22
Debt ratio (Total Liabilities / Equity Capital)	2.36	2.51

Summary of the Operations in 2023

The table below also provides the results of the Exprivia Group at 31 December 2023 compared with the previous year:

Exprivia Group (amounts in thousands of Euro)	2023	2022	Variations	% Variations
Revenues	202,986	183,712	19,274	10.5%
EBITDA	27,236	25,118	2,118	8.4%
EBIT	21,392	19,195	2,197	11.4%
Pre-tax result	18,114	16,575	1,539	9.3%
Result	13,159	11,533	1,626	14.1%

Exprivia Group (amounts in thousands of Euro)	31.12.2023	31.12.2022	Variazioni	Variazioni %
Net financial debt	(7,229)	(18,330)	11,101	-60.6%

As can be seen, revenues for 2023, equal to Euro 203 million, increased by 10.5% compared to 2022, equal to Euro 183.7 million; EBITDA was Euro 27.2 million, up by 8.4% compared to the previous year (Euro 25.1 million). The net financial debt, equal to a negative value of Euro 7.2 million at 31 December 2023, improved by Euro 11.1 million compared to the negative value of Euro 18.3 million at 31 December 2022.

Significant Exprivia Figures and Result Indicators

The table below outlines the main economic, capital and financial data taken from the Separate financial statements of Exprivia SpA (hereinafter also referred to as "Exprivia") at 31 December 2023, compared with the figures at 31 December 2022.

amount in thousand Euro	31.12.2023	31.12.2022
Total revenues	182,875,963	164,218,329
net proceeds	175,394,050	156,827,878
increase to assets for internal work	1,536,205	1,467,060
other proceeds and contributions	5,945,708	5,923,390
Difference between costs and production proceeds (EBITDA)	26,964,388	25,537,187
% on total revenues	14.7%	15.6%
Net operating result (EBIT)	20,133,363	18,795,962
% on total revenues	11.0%	11.4%
Net result	12,930,311	11,974,399
Group net equity	97,094,523	85,289,662
Total assets	222,062,321	205,905,488
Capital stock	24,005,671	24,284,468
Net working capital (1)	14,844,637	12,062,830
Cash flow (2)	18,966,240	18,758,722
Fixed capital (3)	103,009,965	104,129,733
Investment	1,579,104	1,426,813
Cash and securities / other financial assets (a)	26,857,285	19,422,501
Short-term intra-group financial receivables (payables) **(b)**	(1,775,276)	(1,282,137)
Inter-company financial receivables (payables) with m / l term **(c)**	913,621	1,816,950
Short-term financial debts **(d)**	(22,500,891)	(22,345,134)
Medium-/long-term financial debts **(e)**	(14,180,977)	(17,756,410)
Net financial position **(4)**	(10,686,238)	(20,144,231)

(1) – "Net working capital" is calculated as the sum of the total current assets, less cash and cash equivalents, less total current liabilities plus current payables to banks and current bond issues.

(2) - "Cash flow" represents the cash flow generated (absorbed) by the income management.

(3) - "Fixed capital" is equal to total non-current assets.

(4) - "Investments" are calculated as the sum of cash flows absorbed by increases in property, plant and equipment and intangible assets and equity investments, net of payments for sales.

(5) - Net Financial Debt = a+b+c+d+e.

The table below shows the main economic indicators of the company for 2023 compared to 2022:

Exprivia	31/12/2023	31/12/2022
ROE index (Result for the period / Shareholders' equity)	13.32%	14.04%
ROI index (Net operating margin / Net invested capital) (6)	19.14%	17.94%
ROS index (Net operating margin / Revenues from sales and services)	11.48%	11.99%
Financial charges (7) / Result for the year	(0.22)	(0.21)

(6) **Net invested capital:** equal to net working capital plus non-current assets net of non-current liabilities (excluding bank debt and bond issues);

(7) **Financial charges:** calculated net of interest cost IAS 19.

The table below shows the main financial and capital indicators of the company for 2023 compared to 2022:

Exprivia	31/12/2023	31/12/2022
Net Financial Debt / Equity Capital	0.11	0.24
Debt ratio (Total Liabilities / Equity Capital)	2.29	2.41

Profile of Exprivia Group

Future. Perfect. Simple

The Group stands out for its reliability in managing complex projects through the connection and integration of vertical and horizontal skills and the ability to create solutions that are easy to use and update, as they are based on continuous research and innovation.

Listed on the Italian Stock Exchange since 2000, in the Euronext Market (XPR), Exprivia supports its clients belonging to the markets: Banking, Finance&Insurance, Telco&Media, Energy&Utilities, Aerospace&Defence, Manufacturing&Distribution, Healthcare and Public Sector.

The founding concepts of our vision

Future

The future is the point towards which we orient ourselves in defining scenarios, processes and goals for ourselves and our customers.

Connection

This is what makes us innovators. It is the capacity to identify unexpected solutions by linking our skills.

It is the ability to imagine the future by directly combining what we know in the present: technology with customer needs, the world of research with that of business, the city with its residents.

Perfect

Perfect is the level we strive to achieve in the planning of innovative and efficient IT solutions in each specific sector.

Reliability

For us, this is a constant practice that leads us to seek out perfection in everything we do, to guarantee that we will always meet our commitments and to consider effectiveness and efficiency to be indispensable requirements of all the products and services we offer.

Simple

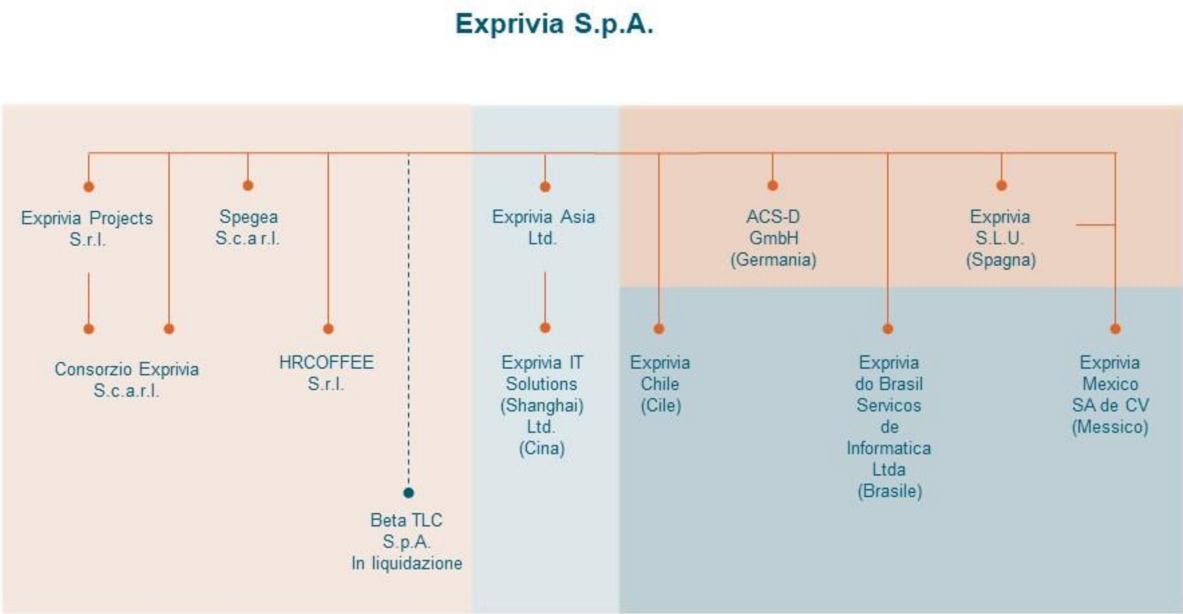
Being simple is the fundamental requirement of all of our systems, designed to improve people's lives through the availability and usability of information.

Simplicity

For us, this means mobilising complex technologies to ensure a sleek user experience, making innovation and digital transformation accessible to businesses and the public through a process of extreme streamlining which strives for simple solutions.

The Group

The following graphs show the main companies of the Exprivia Group.



It should also be noted that Exprivia holds equity investments in the associated companies Quest.it Srl and Urbanforce Scarl.

The companies making up the Exprivia Group are shown below, broken down into Italian and foreign companies:

Equity Investments in subsidiaries

Italian companies

Exprivia Projects Srl is 100% owned by Exprivia. It is based in Rome and has a share capital of Euro 242,000.00 (fully paid-up). It is specialised in designing and managing services and infrastructure for Call Centres, Contact Centres and Helpdesk services.

Consorzio Exprivia Scarl, 70% owned by Exprivia, 25% owned by a third party and the remaining 5% by Exprivia Projects Srl, a stable consortium of Exprivia Group companies. This consortium's objective is to facilitate the participation of the Exprivia Group companies in public tenders for project development and service provision.

Spegea Scarl is 60% owned by Exprivia and has fully paid-up share capital of Euro 125,000.00. It is a School of Management based in Bari, it organises and manages specialised seminars, training courses for companies and public administration in addition to the "Master in Management and Industrial Development" programme certified by ASFOR. It was founded over 30 years ago by Confindustria Bari with the support of banks and institutions.

HRCOFFEE Srl, a company of which Exprivia owns 70% of the share capital, equal to Euro 200,000. The company, established on 31 July 2018 with headquarters in Molfetta, is engaged in the production and marketing of products and services with high value-added technology in the field of human resource management.

Beta TLC SpA in liquidation (formerly Italtel SpA), a company in which Exprivia owns 100% of the share capital following the acquisition in June 2022 of the 19% minority stake previously held by Cisco System International BV. On 1 April 2022, the Deed of Assumption, by a person outside the Exprivia Group, of the entire business compendium of Beta TLC SpA was finalised in full settlement. On 27 June 2022, the Shareholders' Meeting of Beta TLC SpA resolved its liquidation, agreed by the holders of the equity instruments on 16 March 2023, and recorded in the Register of Companies on 31 March 2023.

Foreign Companies

Exprivia SLU, a Spanish company 100% owned by Exprivia, is the result of the merger by incorporation of the companies previously operating in Spain, Exprivia SL and Profesionales de Sistemas Aplicaciones y Productos SL (ProSap). The company has operated since 2002 providing professional services and project development in the SAP environment, WEB portal development, and solutions and information systems for the Healthcare sector in the Spanish market.

Exprivia Mexico SA de CV, a Mexican company with headquarters in Mexico City, of which Exprivia SpA owns 98% and Exprivia SLU holds 2%, has been in operation since 2004 and offers professional services and project development in the SAP environment, WEB portal development, and solutions and information systems for the Healthcare sector in Latin America.

Exprivia do Brasil Serviços de Informatica Ltda, a Brazilian company specialised in IT Security solutions, operates at its headquarters in Sao Paulo; Exprivia holds full control.

Exprivia Asia Ltd, a company operating in Hong Kong to act on behalf of Exprivia, its sole shareholder, in all market sectors in the Far East considered strategic for the Exprivia Group. Exprivia Asia Ltd incorporated the company Exprivia IT Solutions (Shanghai) Co. Ltd of which it is the sole shareholder, specialised in professional services in the fields of IT infrastructure and in SAP systems.

ACS-D GmbH (Germany), a company operating in Germany for the purpose of acting on behalf of Exprivia SpA, its sole shareholder, in the aerospace and defence sector.

Exprivia Chile SpA, a company established in 2022 by Exprivia, its sole shareholder, with the aim of expanding its presence in Chile, a country that represents one of the most advanced economies in South America.

Equity investments in associated companies

Quest.IT S.r.l., a company of which Exprivia owns 24.9% of the share capital. The company was established in 2007 as a spin-off of the Artificial Intelligence research group of the Siena Department of Information Engineering. It develops Artificial Intelligence solutions based on cognitive and automatic learning technologies, which enable the extraction of value from data, thus improving processes and organisation.

Urbanforce Scarl, a company in which Exprivia holds 28.57% of the share capital, specialised in the Salesforce market.

Consortium Initiatives

Consorzio Biogene is a consortium established in 2005 between public and private partners for the development of the project called "Public-private laboratory for the development of integrated bio-information tools for genomics, transcriptomics and proteomics (LAB GTP)".

"DAISY - NET" a limited liability consortium company, was established in 2008 with the aim of undertaking initiatives suitable for the development of a Technological Competence Centre on I.C.T., divided into a network of Regional Competence Centres.

Distretto Agroalimentare Regionale ("D.A.Re."), a limited liability consortium company based in Foggia and established in 2004, is the interface for the technological transfer of the research system from Apulia to the agri-food system. It provides services to encourage technological innovation, through the management of complex projects related to business research and precompetitive development.

Distretto Tecnologico Pugliese ("DHITECH"), a consortium company based in Lecce and established in 2006. The consortium intends to develop and integrate an interdisciplinary cluster for nanoscience, bioscience and infoscience according to the guidelines of the seventh framework programme and national research plan.

Distretto Tecnologico Nazionale per l'Energia ("DiTNE"), based in Brindisi and established in 2008. It was founded to provide support for research in production sectors in the field of energy, to encourage technology transfer needed by national and international players in the sector, and to favour connections between the worlds of research, production of goods and services, credit and the territory.

Distretto H-BIO Puglia società cons. a r.l., a consortium company based in Bari, it is known as the "Puglia technological district for human healthcare and biotechnologies". It was formed in 2012 to develop its operations in the strategic areas of products for molecular diagnostics and integrated diagnostics, treatment and rehabilitation products and bioinformatics products.

Service Innovation Laboratory by DAISY s.c.a.r.l: is a consortium for innovation services set up in 2013 by Daisy-Net as a result of the MIUR funding project for new public and private laboratories. It groups companies and universities from Apulia and operates in clusters with similar laboratories in Calabria and Sicily. SI-Lab focuses on the integration of industry chain services which will be tested in the field of health services. Exprivia has had an 18.37% investment in the company since its establishment.

Cefriel Scarl, limited liability consortium. This is a consortium in operation since 1988 as a centre of excellence for innovation, research and training in the Information & Communication Technology sector. Its main goal is to strengthen relations between universities and business through a multidisciplinary approach, starting from business needs and integrating the results of research, the best technologies on the market, emerging standards and the reality of business processes to innovate or develop new products and services.

Innovation

The foundry of ideas

Innovation Lab

Innovation to explore and construct new business opportunities.

Innovation Lab is the backbone structure of the research, development and integration of Exprivia technologies.

A hotbed open to sharing experience and knowledge with the world of academics and research, which has led to the activation of various projects with the main Universities of Apulia (Polytechnic and University of Bari, University of Salento), of Milan (Polytechnic of Milan) and of Rome (La Sapienza), with CNR and with Cefriel, with which it has specifically launched a commercial partnership programme to promote "technological frontier" projects.

Innovation Lab identifies and adapts innovation opportunities to the company's business model, coordinates projects which exploit public contributions, creates innovative technologies and solutions to be transferred to company production areas and enriches the company's wealth of knowledge, contributing to creating new distinctive competencies.

Industries

A winning bid on each market

Industries

A winning bid on each market

Today, we are one of the main players in the digital transformation of businesses, and we owe this to the wide range of expertise and experience we have developed through many years of work in our various markets.

Banking, Finance & Insurance

Digital progress and financial technique: the duo of the future

The financial market is experiencing a radical transformation of its business model. The need to always offer new services that can be used at any time using any device requires the development of increasingly innovative and efficient IT solutions and services.

Thanks to the know-how accrued over more than 25 years of partnerships with the top credit and insurance institutions in Italy and abroad, we have the specialisation and experience to fully meet customer needs through tailor-made and omni-channel digital solutions: from creditworthiness assessments to monitoring, from capital markets to factoring management, from data value to customer experience.

Telco & Media

Skills and technologies for network virtualisation

In the Telco & Media market, the strategies on which the key players in the market compete are linked not only to technological innovation but, at the same time, the need to simplify and automate, as well as the need to expand their offer with high value-added services. On all of these three strategies, the Exprivia Group now has the best assets in terms of the offer, know-how, and geographical presence to be able to skilfully support its customers in these areas.

A distinctive aspect in the Italian context of Telco is Exprivia's Innovation Lab, aimed at verifying and optimising the provision of services on 5G networks, speeding up the adoption of orchestration and automation methodologies, processes and solutions. In addition, the initiative enables the delivery of innovative cloud-ready solutions to specific vertical markets (e.g., IoT, e-Health, Smart City, Industry, etc.).

Thus, we are the best partner for service providers for Telco media providers and manufacturing companies to better support their business in programmes for technological innovation and automation and enriching the B2B offer.

Energy & Utilities

Energy-optimising technology

The energy and utilities sector is rapidly evolving to adjust to infrastructure technological upgrading processes, the development of new services and the entry into force of new directives on safety, energy efficiency and environmental and consumer protection, which are having a considerable impact on both supply and demand.

In this regard, we offer our customers specific solutions for the development and management of transversal and characteristic processes that aim to ensure greater operational efficiency, high performance and elevated customer service quality to energy, water, environmental and public utility sector businesses. Systems based on technologies like the cloud, XaaS, CRM, big data analytics and business intelligence, IoT, digital channels, social networking, e-mobility and enterprise application governance which place users at the very heart of processes, providing them with increasing autonomy and awareness.

Aerospace & Defence

Military defence, civil safety and digital technology

Recent geopolitical events demand an immediate response from the civil and military aeronautical, naval and terrestrial sectors in the adoption of safety systems where the technological element plays an increasingly crucial role in guaranteeing the safety of people, places, machinery and information systems.

Even more urgent is IT support for taking strategic decisions in critical situations for the implementation of preventive measures based on scenario monitoring and controls. We offer the sector a genuine advantage by enabling analysis of complex heterogeneous information (images, videos, data, texts, symbols, voices, sounds, etc.) generated by a multitude of wearable, fixed and mobile sensors on flights, in navigation, in orbit, in vehicles and in drones. In particular, we develop systems for command and control, surveillance, cartographic representation, processing of geographical maps and rapid prototyping of land-based, naval and aerial consoles which, partly thanks to augmented reality techniques, the wealth of geo-referenced information and social collaboration, offer maximum interaction with scenarios that are increasingly faithful to reality.

Manufacturing & Distribution

Towards the new industrial revolution

The future of industrial processes is following a digital path. The common thread lies in the various enabling technologies that are changing how we design, create and distribute products by automatically organising and managing an enormous quantity of information in real time.

The fourth industrial revolution is in full swing and very soon we will see completely controlled, interconnected and automated production through technological evolution.

Industry 4.0 defines this change through a panorama that is still evolving, but already has precise lines of development coinciding with the knowledge and skills we possess: the use of data and connectivity, analytics and machine learning, human/machine interaction and interaction between reality and the digital realm. We have seized this extraordinary opportunity by focusing on bringing new-found energy to the entire industrial process with our digital solutions and completely automating the management of huge quantities of information in a simple, streamlined and efficient manner.

Healthcare

Innovative solutions for individual health and efficient administration

Building a healthcare system that combines savings and efficiency, takes care of people even before treating them, eliminates waste and reduces waiting times. With these main objectives, we represent the ideal partner for a healthcare system striving for a future of excellence.

The technological solutions we apply to the healthcare system make it possible to connect all of the disparate pieces of the entire Italian Regional Healthcare System, from administrative and management centres to public and private hospitals within the entire supply chain, right down to individual professionals and online services for users, ensuring maximum optimisation of every single resource.

A team of 350 specialists, 30 years of presence in the IT sector and solutions and services in 500 healthcare facilities for 20 million patients confirm the effectiveness of our responses to the needs of the healthcare industry, which are fundamental for the economy and development of every region.

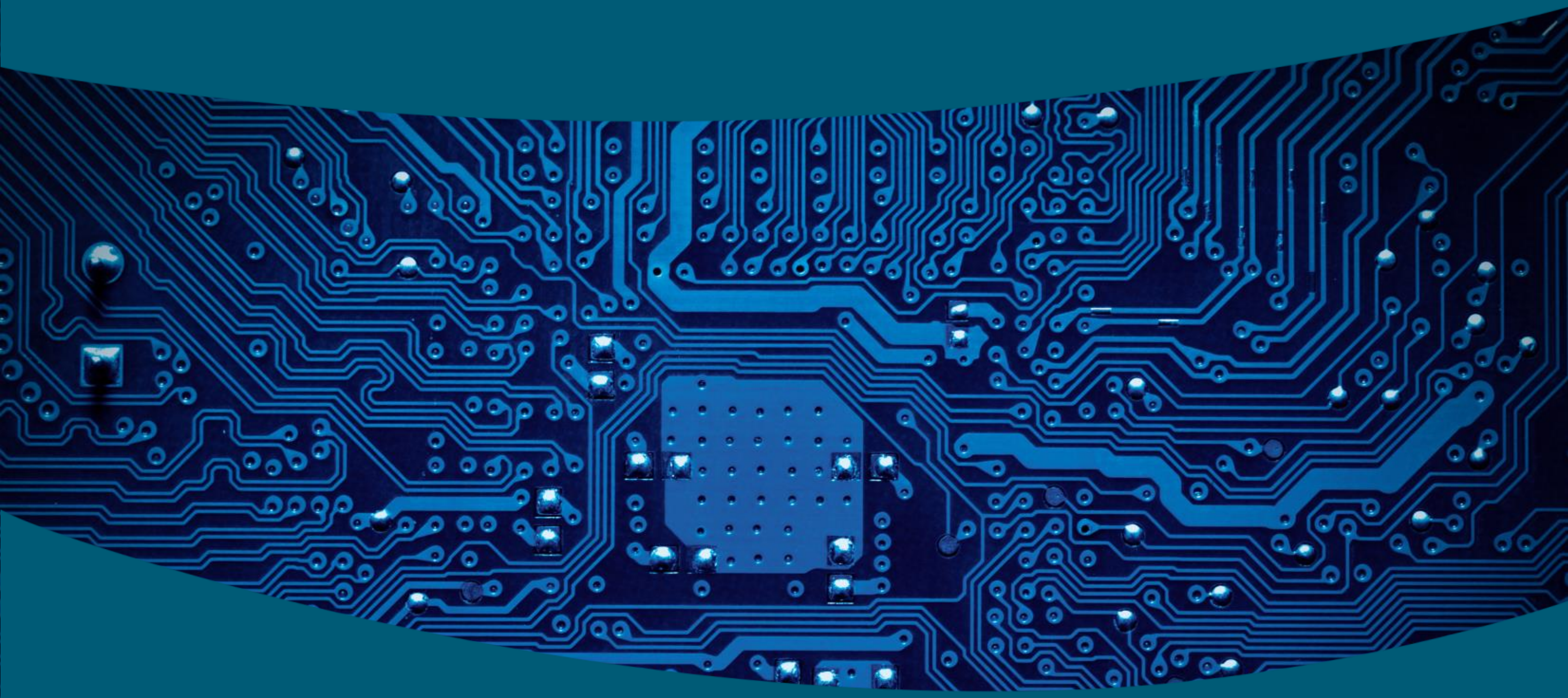
Public Sector

PA digitalisation: the first step towards a reinvigorated country

Some time ago the Public Administration launched a modernisation process based on principles such as innovation, simplicity and reliability to support businesses, residents, public employees and the state itself. The streamlining of bureaucracy through the digitalised management of the Public Administration, together with organisational renewal measures, means we can now reconcile optimising expenditure with quality of service.

From this perspective, we have been able to draw on much of our experience in optimising processes for large private enterprises, which we have reconceptualised according to the needs of central and local governments and broken down into a range of areas, including:

- products and services for management;
- eGovernment and eProcurement solutions;
- storage and sharing of electronic documents;
- planning and control through business intelligence and business analytics platforms;
- performance measurement in PA processes;
- solutions to support administrative processes (SOA paradigm);
- single point of access for the exchange of information between entities, residents and businesses;
- system integration to ensure 24/7 operational continuity and automatic repairs.



Expertise
To build the future, we need to keep it present

Expertise

To build the future, we need to keep it present

EXPERTISE	DESCRIPTION
Big Data & Analytics	Offer of all the very latest tools for supporting both decision-making processes and ordinary activities based on the possession of information. The Big Data & Analytics area is dedicated to developing projects, services and solutions aimed at the strategic use of big data for increasing business.
Cloud	The advent of cloud computing has completely revolutionised how we acquire, implement and execute IT services. Our cloud services refer to four fundamental models: Public Cloud, Private Cloud, Hybrid Cloud and Community Cloud.
IoT & Contextual Communication	The IoT is capable of having a positive effect on the very idea of business, work, study, health and life. The main skills development areas are: Industry 4.0, Digital Healthcare, Smart Cities, Smart Grid.
Cybersecurity	Services designed based on the security controls of the National Institute of Standards and Technology (NIST), which, using information provided by the Exprivia Cybersecurity Observatory, can be divided into the following: • Identify - From consultancy activities to Vulnerability and Penetration Tests (VAPT), from malvertisement campaign simulations to analysing and searching for data that may have been stolen and posted on the deep and dark webs. • Protect - Implementation and management of controls that focus on protection from any incidents, segmentation, micro-segmentation, management and governance of identities and accesses, management of privileged identities, static security (SAST) and dynamic application security (DASD), safety, obfuscation and masking of data at rest and in transit. • Detect - Continuous monitoring using SIEM and sophisticated AI tools. • Response - Exprivia has a team than can be called upon to respond to an incident (Global Response Team). • Restore - The GRT can be used not only to respond to an attack but to restore the service.
Mobile	We offer companies and entities the possibility of reaping the maximum benefit from latest-generation mobile technologies by including them within a broader multi-channel strategy which encompasses Mobile Device Management for business devices, Mobile Payment in the various commerce and service sectors, Mobile Health and Mobile Application Development in the areas of health, finance and security.

SAP	With a strategic partnership that has lasted for more than 20 years, we are now one of the main reference players in the SAP world in Italy and abroad. Our main areas of intervention are: Administration, Finance and Control, Operation & Logistics, Business Analytics and Human Capital Management.
Business Process Outsourcing	Supporting company evolution by taking responsibility for the procedures of end user acquisition, management and retention. The offering ranges from back office outsourcing services relating to typically internal functions such as human resources, accounting and information technology, to front office outsourcing services like customer care and customer service.
Network & Digital Transformation	In the world of Telco Operators and Media Companies, we have developed, over time, skills related to the convergence between IP networks and optical networks and on mobile operators' infrastructure components. As regards Enterprise networks, we currently have broad competencies in designing and implementing converged wired and wireless solutions, in Private Network solutions, SD-WAN, and technological refresh of corporate networks. The Software Factory of Exprivia develops carrier-grade systems and solutions with characteristics of robustness, scalability and resilience. We use Agile design and development methodologies based on SCRUM and DevOps logic, using both open source technologies and off-the-shelf products for the design and implementation of customised solutions for the customer.

Corporate

Social Responsibility

Environment, Health, and Safety

Exprivia is an ICT services company, whose production processes involve human intensive features on which the human production factor prevails rather than the machinery. However, the Company is highly sensitive to workplace health and safety and environmental issues, in particular, problems posed by global climate change.

The Company is aware of the fact that, for the purposes of the effectiveness of any far-reaching corporate responsibility strategy, it must undertake activities aimed at the assessment of the environmental impact, so that it can act in a manner that ensures the maximum respect for the environment. For this purpose, Exprivia has carried out a process aimed, on the one hand, at identifying the main impacts of the business processes, the infrastructures and the structures used, and on the other hand, at monitoring the environmental performances of its central headquarters in Molfetta. Since 2006, Exprivia has understood that the implementation of an Environmental Management System (EMS) would have made it possible to satisfy the aforementioned objectives, as well as facilitate the compliance with current environmental legislation and the ongoing improvement of the environmental performances.

The Exprivia Group has also always been involved in the development and promotion of the protection of health and safety in the workplaces. It recognises the fundamental importance of protecting health and safety and ensuring the safeguarding and wellbeing of the workers and the third parties in all the activities care of its workplaces. By means of a prevention and protection system ingrained in all the venues, the Exprivia Group has achieved significant results over the years, including a greater awareness among the employees with regard to the aspects of safety, a significant containment of accidents in the workplace and the prevention of occupational diseases.

Performance Trend of the Exprivia Group

The performances trends by market in which the Exprivia Group is organised are shown below.

Banking & Finance

In 2023 the financial services sector recorded an overall positive year, albeit with different trends in its main components, i.e. for the segments in which the Exprivia group normally operates.
The additional profits deriving from favourable rates have, in fact, positively affected the results of the entire banking sector, net of the operating capacities of the various players as well as of the current dynamics that affect the market and determine its medium-term trends.
The trends that will define the "winners" after the rates bubble can be summarised in the focus on customer satisfaction, in the search for organisational and operational flexibility, in the implementation of effective protection measures with respect to cybercrime and, finally, in the integration of sustainable principles into our strategy and governance.
With regard to the insurance sector, in 2023 the life insurance segment continued to suffer, following a trend similar to that of 2022, while the growth of premiums in the non-life sector was robust. All this is taking place in an overall situation in which the balance between players is being redefined, M&A activities are in decline, and the insurtech segment is moving to "phase two": now investors are focusing on situations that provide sustainable and profitable results to companies. The insurance sector is bound to change radically in a few years: from an exclusive relationship with the end customer for the sale of insurance, to embedded insurance, i.e. insurance at your fingertips to complete a purchase even with companies that operate sectors other than insurance.
Lastly, after years of sustained growth, in 2023 the factoring market showed substantial stability, and better resilience compared to "bank" credit.
In this scenario, Exprivia managed to achieve the planned budget targets, quantitatively and qualitatively improving its positioning in each of the Banking & Finance markets, through an increase in total revenues, the acquisition of new customers in the various segments, the consolidation of multi-year vertical offers and the development of activities on the main Digital Enablers, also in collaboration with the main vendors of the market.

Telco & Media

Market analysts predict an average annual growth of 2.7% for the telecommunications market over the next three years, the result of a fluctuating trend that will is expected to experience a peak in 2025, with a 3.1% increase in spending.
Turnover is experiencing a period of contraction in margins, which is requiring the containment of operating expenses in order to direct the resources available to investments capable of generating returns in terms of increase in revenues or improvement in customer services.
The recent openings granted to telecommunications operators, which will make it possible to revise the tariffs applied to customers upwards, will allow for a slight recovery in profitability, which may allow a greater spending power in the years to come, which it is expected to reach almost Euro 10 billion, and then grow further. Among the technological areas of interest, a more effective use of artificial intelligence solutions has been observed, capable of transferring increasing portions of the most standardised processes to an automated chain, with the gradual and increasing replacement of the human operators involved in them. Used in different contexts, the same technologies will make it possible to contain core infrastructure maintenance costs, with a greater capacity for preventive interventions and, at the same time, an overall improvement in the quality provided.

Energy & Utilities

In the year just ended, companies in the Energy & Utilities sector operated in a context characterised by a state of uncertainty, whose reasons are largely attributable to the increase in energy costs, inflation and the increase in interest rates.

In view of these elements, however, Italian operators are confirming their investments in energy transition projects, also in response to the need for independence of the Italian energy system.

The focus is on Smart Energy: there are numerous projects linked to increasing RES (Renewable Energy Sources) capacity, the reduction of coal generation and the development of electrical systems (with the widespread diffusion of heat pump systems to replace gas boilers) and hydrogen. All this poses several challenges, which must be addressed with the development of business models, the enhancement and digitalisation of network infrastructures and the development of new products and services from a B2C and B2B perspective.
Sector operators' investments are mainly supported by public financing such as the NRRP (in particular with the "Green revolution and ecological transition" Mission) and the European Energy Plan (Repower EU, aimed at the transition to clean and sustainable energy through supply diversification and the replacement of fossil fuels with renewable sources).
With regard to regulatory aspects, unless extended by the Government, energy market protection is expected to come to an end in 2024, with the simultaneous switch of users to the free market. Italian operators will be called upon to develop adequate customer experience strategies to increase their customer base, and digital innovation will play a strategic role.

In 2023, the Exprivia Group was confirmed as one of the main players in the digital transition for the energy sector, supporting its customers in some of the most important projects for the transformation of energy production, transmission and distribution processes, with a particular focus on the optimisation of physical assets management, also through Building Information Modelling projects, and on the efficiency enhancement of network infrastructures. Through targeted projects, Exprivia has contributed to the evolution of its customer operation models and to the design and development of new value-added services. Lastly, the Exprivia IT security professionals team contributed to the protection of critical infrastructures against cyber attacks and to the security of its customers' information.

Aerospace & Defence

After a substantial increase in commercial opportunities recorded in 2022 for the Aerospace market, 2023 continues to offer substantial opportunities.

The European Space Agency (ESA) has started a second round of contract tenders for the management of Copernicus Space Component system operations. Exprivia has already issued an offer and is negotiating with ESA to extent the Long-Term Archive service for the next three years. Exprivia also issued an offer for the renewal of the Production Service contract until mid-2026.

In view of the launch next year of the scientific satellites (Biomass and EarthCARE) part of the ESA Earth Explorers programme, ESA has launched two important tenders (B-COPS and E-COPS) for the related payload data ground segment operations. Exprivia participated in both tenders in a logic of mutual collaboration with another leading company in the sector; despite the strong competition, Exprivia won the E-COPS tender as Prime Contractor and the consortium it participated in B-COPS with is negotiating with ESA.

The new flagship program of the European Commission: Destination Earth (DestinE). DestinE's objective is to develop an accurate digital model of the Earth (a "digital twin") in order to monitor and predict climate change and environmental impacts due to human actions. While waiting for this new European programme, our customers ESA, EUMETSAT and ECMWF are publishing several calls for tenders. In this context, after the award of the tender from the customer ECMWF in 2022 to provide **immersive visualisation technologies and solutions**, Exprivia was reconfirmed in 2023 as a leading company in these technologies, participating to the consortium awarded the tender for the DestinE Core Service Platform Framework Platform Data Management Services (DESP) managed by ESA. Also as part of the Destination Earth programme, Exprivia is engaged in negotiations for the DestinE Usage Assessment Framework Services (DUA) contract.

ESA has completed many of the activities related to the implementation of the NRRP, with specific measures dedicated to Space. ESA has the task to manage with its procedures Euro 1,780 million to strengthen Italian expertise and capabilities in the development of application-oriented technologies and to enhance Italy's competitiveness in the domains of Earth Observation, Space Transportation and In-Orbit Servicing. At the start of 2023 the results were published of the tenders for the implementation of the Application Toolbox and Marketplace, for the Services and for the other Ground Segment infrastructures for the **IRIDE program**

(Flight Operation System, Payload Data Ground Segment and Central Mission Planning and Management). The strategy implemented by Exprivia of collaboration with important Italian companies in the sector has led to excellent results: Exprivia was awarded as lead bidder the Payload Data Ground Segment development contract (contract value of over Euro 25 million) and is included in consortia which were awarded contracts relating to Marketplace, Services and the development of some processors.

As part of EUMETSAT, Exprivia was awarded an important five-year service contract for the maintenance of the Payload Data Processing systems (PDP) of the Copernicus Sentinel-3 and Sentinel-6 missions. In 2023, engineering support contracts for EUMETSAT were also renewed or extended.

At national level, Agenzia Spaziale Italiana (ASI) is continuing in 2023 the preparatory activities in view of the future national Platino-3, Platino-4 and PRISMA Second Generation missions. Exprivia is already involved in various ways in numerous commercial initiatives linked to these new missions. Also at national level for ASI, Exprivia participated in the consortium led by Telespazio Italia for the creation of the Multi-Purpose Platform System (MADS) for ASI Data access and use; the results of the competition are expected for the beginning of 2024.

Manufacturing & Distribution

After the post-Covid recovery, which recorded significant growth, the Italian industry is experiencing a trend reversal both in relation to production and in terms of investments in plant and machinery.
Export performance within and outside the European Union (reduction in sales in Germany and exports to the United States) is not helping industrial companies.
Digital spending in 2023 reached Euro 9.8 billion and an average annual growth of 6.7% is expected over the next three years.
With regard to investments in the digital field, manufacturing companies aim to make their factories more intelligent through greater automation and the adoption of the Internet of Things (IoT), which, in addition to relying on predictive plant and machinery maintenance, allows for better product traceability, optimised management of logistics assets, rationalisation of energy costs and the development of smart products.
To do this, the technologies used range from the IoT, to acquire data in real time from the plants, to the use of tags and beacons to track products in their path to Big Data (AI and Advanced Analytics) to support decisions and control towers. Collaborative robots, both in factories and in warehouses, and Real Time Location systems (RFID, BLE-bluetooth low energy, UWB-ultra wide band, GPS, LoRaWan) are increasingly widespread for determining the position in real time of products, assets and vehicles.
From a purely technological point of view, investments in Cybersecurity continue to be a priority for industrial companies.
Sustainability is an area where significant investments are expected in the coming years.

For the Retail sector, digital spending is expected to increase by 5.2% in 2024, reaching a value of approximately Euro 1.8 billion. The sector growth is also expected to continue in the medium term at a steady pace.
Digital technology plays a leading role in the transformation process of mass distribution and retail operators, who must focus on the one hand on preserving margins and on the other on customer care. Margin recovery is pursued through cost control (review of all operating processes, attention to waste, energy savings) and the implementation of technologies to improve efficiency and flexibility, starting from the management of the Supply Chain.
Technological innovation plays a strategic role in the evolution of the hybrid shopping concept, enabling new methods ranging from experience stores to self-scanning and to local delivery, passing through supermarkets without checkouts. Therefore, digital transformation is an essential factor for the sector.

Healthcare

Healthcare is undergoing major transformations that pose significant challenges to healthcare systems. Demographic trends are changing society's basic structures, with a marked increase in ageing population, with a relative increase in demand for health. Added to this, there are tensions on the available economic and human resources. In these challenges, Digital is an element that can accompany and help overcome this phase of change.

In this context, 2023 was an important year for the Digital Healthcare market; on the one hand, NRRP projects began to produce their first effects, and on the other, Italian Ministerial Decree no. 77 initiated an overall redesign of the entire NHS delivery structures. In 2023 the Healthcare sector recorded a growth in digital demand of around 9%, as shown by the Anitec-Assinform data.

The market is increasingly moving towards regional solutions that can drive the transition towards a Hospital-Local Area integration, able to incorporate and use national platforms such as ESF 2.0, the Telemedicine Platform and the Health Data Ecosystem. The issue of AI is starting to provide the first evidence of use in the health sector, in particular on the issues of Diagnostic Imaging, where its use has immediate and tangible benefits.

In this context, Exprivia was able to seize a series of opportunities that allowed it to reaffirm its role as an important player in the Digital Healthcare market in Italy, carrying out important projects throughout the country.

In 2023, Exprivia's revenues in the Digital Healthcare market grew by approximately 15%, well in excess of the growth of the market.

Public Sector

The digitalisation process undertaken by the Italian PA continues to show a growth trend in ICT spending, which in 2024 is expected to reach Euro 7.8 billion, with an increase of 5.3% compared to 2023. Spending can be broken down in CPA (49%), Healthcare (22%), Regions and Autonomous Provinces (11%), LPA (11%) and Education sector (7%). A portion of 72% of the purchasing channels is represented by centralised tools provided by Consip and by Purchasing Centres.

Starting from 2021, many projects have been directed towards the evolution of services to citizens from a digital and mobile first perspective, the renewal of networks and infrastructures, the evolution of databases and reporting and the renewal of data centres and transition to the cloud.

The NRRP is giving a big boost to Digital Transformation in the Public Administration; in fact, the entire sector is going through a phase of significant growth. For 2024, NRRP funds intended for the digitalisation of the PA and Healthcare will have an impact mainly in the areas of:

- Cybersecurity: to strengthen PA sectors and counter the increase in attacks on public bodies and healthcare companies;
- Migration to the cloud, in implementation of the National Cloud Strategy;
- Data platforms, whose development will support the evolution towards a data-driven government model;
- Evolution of online services for the public and businesses and authentication systems and online payments.

There has also been a constant increase in the incidence of innovation spending.

Within this context, the Exprivia Group is regarded by the market for the quality of the services provided and the skills of its professional resources. These skills are mainly related to the Technological areas (Systems Management, Application Development, Analytics and Cybersecurity) and to the Business processes in the areas of Staff, Reporting, Payroll and Finance, Control and Testing Administration.

The prospects for 2024 anticipate the strengthening of the positioning in the market through the consolidation of collaborations with current primary importance customers, accreditation with new target customers for which it intends to participate in upcoming tenders and the start of negotiations for the stipulation of contracts in the Consip agreement.

In the first months of 2024, Exprivia won the Poste SAP - HCM renewal tender, as part of services related to staff management, confirming itself as an appreciated Customer partner for the quality of the services provided.

International business

Spain

In 2023 the Spanish economy recorded growth of 2.3%, lower than expected and showing a slowdown compared to 5.5% in 2022. The impacts related to rising inflation and interest rates, as well as the effects deriving from global geopolitical tensions, were the factors behind the slowdown of the Spanish economy, whose domestic demand remained the main driver of economic growth in 2023. Private consumption increased by 2.0%, thanks to the good labour market performance and government support for households. Public spending increased by 1.5%, in part thanks to investments in the NextGenerationEU, the European Union's recovery and resilience plan.

The outlook for 2024 is uncertain, with economic growth expected to remain contained, standing at 1.5%. In this context, the IT market in Spain is expected to grow, driven by the Spanish government's commitment to investments for the country's digitalisation.
Exprivia SLU closed 2023 with positive results, a significant improvement compared to the previous year due to cost efficiency and production staff optimisation actions initiated by Management in 2022, associated with the acquisition of important orders from historical customers in the transport and utilities sector.
In the 2024 financial year a significant growth is expected in turnover, driven by the expansion of the SAP consumer portfolio against investments in the commercial area, and a consolidation of the results in terms of final profitability in the 2023 financial year.

Brazil

The Brazilian economy recorded better than expected results in the first quarter 2023, thanks to the agricultural sector boom, paving the way for more optimistic annual prospects despite the braking effect of high interest rates. In November 2023, the Central Bank of Brazil (BCB) further reduced the official SELIC reference interest rate, from 12.75% to 12.25%. This decrease was interpreted as confirmation of easing of the monetary policy adopted by the BCB, which should in any case remain in the restrictive area for a few more quarters. It is expected that, at the end of 2023, the aforementioned SELIC rate will be 11.75%, to then fall to 9.25% in 2024. For 2024, the Government expects a growth of 2.2%. In particular, the industry is anticipated to increase by 2.4%, also thanks to the expected better credit access conditions in the banking and capital market and to the “Growth Acceleration Programme”, the public investment programme adopted by the Government last August, aimed at encouraging growth in nine sectors of the Brazilian economy, including innovation, digitalisation and energy transition.

In particular in the first few months of the year, Exprivia Do Brasil recorded a performance not fully in line with the growth figures recorded in previous years as a result of the failure to start some projects with an important utility sector customer in which the company had made investments in terms of acquisition of dedicated skills and professional profiles.

In order to mitigate the impact of this economic situation, the Management has adopted various measures aimed at optimising structural and production costs, in parallel with a strengthening of commercial action. These actions laid the foundations for a solid strategy for the year in 2024, when the company aims to consolidate its positioning on existing customers, strengthening loyalty and increasing the penetration of the services offered, with particular attention to the sector of cybersecurity.

China

The average growth of Chinese GDP for the 2022-2023 two-year period fell to 4.1%, marking a significant deviation from the previous trend of more than 6% in 2019, before the pandemic. However, in the fourth quarter of 2023 GDP and Chinese economic activities were better than expected, thanks to recent political support. The year-on-year growth rate in the fourth quarter reached 5.2%, higher than the 4.9% recorded in the third quarter of 2023. This recent economic recovery is mainly supported by the consumption sector as well as by the actions introduced by the local government to support industrial production and investments in infrastructure.

Looking to the future, however, the ongoing recovery is not yet on a solid basis. The main risks remain the profound crisis in the real estate market and the weight of the debt of local authorities, the causes at the root of the not particularly positive sentiment in global markets, which has not yet been reversed, and whose confidence the local authorities intend to rebuild through a monetary and fiscal policy which is expected to still be expansive in 2024.

Although the country's outlook is not one of the best, foreign companies already present and rooted in China have confirmed their interest in remaining in the country and making investments.
For Exprivia, as expected, the 2023 financial year was the most difficult in the last few years, but already in the first few months of 2024 there were good signs of recovery confirmed by the launch of important SAP projects on new customers.

Mexico

Mexico's economy grew by 3.1% in 2023, despite a deceleration in the fourth quarter of the year. During the last three months of the year, Mexican GDP grew by 0.1%, below the expectations of the Central Bank (Banxico) and of the International Monetary Fund. The secondary sector recorded the greatest growth (+3.6% compared to 2022), followed by the services sector (+2.9%) and the primary sector (+2.2%).

However, 2023 recorded an economic and financial imbalance in the energy business in the entire LATAM area, which was reflected in investments in the IT area. The economic results of Exprivia Mexico SA de CV were impacted by the failed launch of some investments announced by an important customer in the utility sector. The company continues to contain costs while waiting for application maintenance activities on existing customers to start.

Germany

Despite the increase in inflation and related interest rates that are affecting the European market, the Space Economy sector continues to attract public and private investments that will be mainly intended for Earth observation to understand climate change, for future missions as well as for satellite navigation. Driven by the acquisition of an important order with a leading intergovernmental organisation, ACS DE GmBh achieved particularly positive results in 2023 in all economic indicators, as in previous years, confirming its role as reference IT partner in the Defence and Aerospace market.

Risks and Uncertainties

Internal Risks

Risks related to dependence on key staff members

Exprivia is aware that the success of the Group mainly depends on the expertise and professionalism of its staff. In addition to the executive directors of the Group and subsidiaries, the Exprivia Group also has senior managers with many years of experience in the sector who play a decisive role in managing the operations.

Precisely for these reasons, many years ago processes were set up to map and develop certified skills, thereby reducing the risk that the skills of certain key figures might become obsolete and increasing the Group's ability to attract leading figures with a proven record for innovation.

The programme for building loyalty and keeping the most skilled and deserving resources continued through Performance Management schemes, which include systems for rewarding key resources in the organisation.

Risks related to dependence on customers

The Exprivia Group provides services to companies operating in different markets: Banking & Finance, Oil&Gas, Telco&Media, Energy & Utilities, Industry, Aerospace & Defence, Healthcare and Public Sector.

The revenues of the Group are well distributed over a broad customer base but, nevertheless, the withdrawal of certain leading customers from the portfolio could have impacts on the economic, capital and financial situation of the Exprivia Group.

Risks related to contractual commitments

Exprivia Group develops high-value solutions with a high technological content and related underlying contracts may provide for the application of penalties for compliance with stipulated terms and quality standards. The application of these penalties could have negative effects on the economic and financial results of the Exprivia Group.

The Group has, therefore, stipulated insurance policies with leading insurance companies, considered adequate to safeguard itself from the risks arising from professional liability (the policy covering "all IT risks"). Should this coverage be insufficient and Exprivia Group be required to pay for damages amounting to higher than the limit stipulated, the economic, capital and financial situation of Exprivia Group could suffer significant negative effects, in line, in any event, with risk parameters for the sector.

Risks related to internationalisation

In its internationalisation strategy the Group could be exposed to typical risks deriving from the performance of business at an international level, which include changes in politics, macro-economic outlook, taxation and/or regulations, as well as currency variations. However, it should be noted that most of the Group's revenues are generated in markets where country risk is considered under control and minor.

External Risks

Risks arising from the general conditions of the economy

The Information Technology market is naturally linked to trends in the economy.

An unfavourable economic phase, particularly at a domestic level, could slow demand, which would have a capital, economic and financial impact. The Group has proven its ability to react, raising and maintaining the necessary profitability even in periods of stagnation in the global economy. The risks in this regard are related to the duration of this downward cycle and the number of variables connected to the national and international political-economic system.

Risks related to ICT services

The ICT consulting services sector in which Exprivia Group operates features rapid and profound technological changes and constant evolution of the composition of professionals and skills to bring together in creating services, together with a need for constant development and updating of new products and services.

Exprivia Group has always been able to anticipate these changes, and be ready for the needs of the market, including because of substantial investment in research and development.

Risks related to competition

The Exprivia Group competes in markets consisting of companies that are typically rather large, which means remaining competitive depends on economies of scale and adequate pricing policies. The Exprivia Group mitigates this risk with continuing research and development, encouraged by the near-shoring centre of Molfetta, where it is possible to have access to professional skills that are always in line with trends in the sector, especially considering the vicinity of universities and other centres of competence and the extensive collaboration with them.

Risks related to changes in legislation

The work carried out by Exprivia Group is not subject to any specific legislation applicable to the sector.

Risk related to climate change

Climate change, environmental protection and the consequent evolution of the reference context may lead to the identification of risks for the Group and require preventive actions on certain types of processes and products to reduce their effects.

The Group's activities, to ensure the transition to a low-polluting economy, may be subject to transition and physical risks, with possible impacts on business processes, in particular production processes, as well as on the products and services offered. The sites and company assets may also be affected by catastrophic natural events (floods, droughts, fires and other) generated by the effects of climate change. The Group pursues a business strategy aimed at continuously improving the efficiency of production systems and processes for the reduction of energy consumption and atmospheric emissions and adopts technical and organisational measures aimed at reducing its environmental impacts, already insignificant by their nature, as they are similar to those generated by office activities. The Group carries out detailed and frequent interventions to monitor and control production activities and the infrastructures and structures used, and has defined operating procedures for the management of some environmental emergencies (e.g. fire emergency, flooding, etc.). The Group also has specific insurance coverage that covers possible consequences arising from disastrous climatic and natural events. The Group believes that its current exposure to the consequences of climate change is not significant and that they do not materially affect accounting estimates. With regard to the risk related to climate change, sensitivity to the evolution of climate change and its effects on the businesses managed is now a consolidated issue at international level, which is also reflected in a greater demand for disclosure in the annual financial report. Although there is no international accounting standard that regulates how the impacts of climate change are to be considered in the preparation of the financial statements, the IASB has issued certain documents to support IFRS-adopters in satisfying this request for disclosure from the parties concerned. Similarly, in its European Common Enforcement Priorities, ESMA highlighted that issuers must consider climate risks in the preparation of IFRS financial statements to the extent that they are material regardless of whether or not these risks are explicitly envisaged by the reference accounting standards. The Exprivia Group describes its considerations regarding the actions related to the mitigation of climate change effects as well as the adaptation to climate change in the non-financial statement (drafted in compliance with the GRI Standards, which also includes the disclosure required by Regulation 2020/852, in relation to the two climate objectives, mitigation and adaptation). In this context, considering the business sectors in which it operates, in continuing to define updated future plans currently under development, the Exprivia Group has identified certain risks deriving from the current mitigation and adaptation process. Below is a summary of the issues considered by management with reference to the aspects deemed relevant for the purposes of preparing the financial statements in the business sectors in which it operates. In relation to "climate change", the Group is potentially exposed to different types of risk such as: (i) the impact of more restrictive laws and regulations on energy efficiency and climate change that can lead to an increase in operating costs and, consequently, to a reduction in the overall investments made by the Group's customers in the reference sectors; (ii) the impact of customer awareness and sensitivity to climate change and the emission reduction, with a consequent shift to low-carbon products, and (iii) the impact mainly linked to greenhouse gases, the cause of global warming and of extreme weather events in the various geographical areas.

With reference to the short-term, management does not recognise any significant specific impacts deriving from climate-related risks, to be considered in the application of accounting standards. The Group pursues excellence in service provision in all business sectors served; this implies a constant commitment to the application of technological innovation and digitalisation, as well as to the pursuit of a circular economy approach. With reference to the medium-long term, in continuing to define updated development plans currently in preparation, the management does not envisage further specific considerations to be factored in the application of the accounting standards for the preparation of the financial statements. Finally, it should be noted that the legislation introduced in response to climate change could give rise to new obligations that did not exist before. For further details on the effects of climate change and their management, including the environmental policies adopted, please refer to the NFS available on the website.

Cyber security risk

Companies are called upon to face the risks associated with the world of IT security deriving from the continuous evolution of the cyber threat and the increase in its attack surface, also in the face of increasing digitalisation and greater spread of remote working in companies. IT incidents, including in the supply chain, interruption of activities, leaks of personal data and loss of information, even of strategic importance, can compromise the business and even the image of the company, especially in the case of theft of third-party data stored in the archives of the Exprivia Group. The Group manages cyber security through dedicated controls, periodic training activities for the entire company population, processes, procedures and specific technologies for the prediction, prevention, identification and management of potential threats and for the response to them.

The Exprivia Group uses sophisticated risk rating techniques without interruption to adapt controls, processes and organisation to the needs of the market and the policies adopted.

Moreover, being ISO 27001 certified, Exprivia has developed an information security and privacy management system that integrates the regulations in force on the processing of personal data, the guidelines of the EDPB (European Data Protection Board), the Italian regulations of cybersecurity and periodically performs a risk assessment on information security, based on ISO 27005, which also takes into account the aspects of cybersecurity and privacy. In 2020, Exprivia extended the certificate to integrate into the system the ISO 27017 and ISO 27018 guidelines for the management of data in cloud environments with SaaS mode. In particular, ISO 27018 focuses on the management of personal data in cloud environments.

In recent years, the Group has set up an organisational structure with thorough expertise in cyber security, with specific skills, highly specialised resources and advanced technologies to seize the growing opportunities in the rapidly expanding digital market, as well as to support both the Group and private and public customers in digital transformation processes with the best technologies and the most advanced protocols for digital security and digital identity. This security organisation allows the Group to guarantee an increasingly higher level of adequacy and uniformity by ensuring better quality standards, as well as to improve the processes for the identification of cyber risks, for containing and/or mitigating them, in order to reduce their level of risk to a minimum.

With this in mind, the Group has structured a CyberSecurity Observatory that collects data on attacks, incidents and privacy violations in Italy, generating a periodic Threat Intelligence Report that is made available to anyone who requests it, thus collaborating in the creation of a network of organisations that exchange information with the common goal of countering cyber attacks.

With regard to the news circulated in March 2023 of the cyber attack on services offered to its customers, Exprivia did not find any evidence of damage related to the attack in question for its customers, nor of appropriation of their data. The attack was promptly neutralised in collaboration with a partner. Exprivia made use of its team specialised in combating cybercrime and carried out all the appropriate activities, checks, reconfigurations, including forensic back-up. The event did not result in any adjustments to the data and information provided for the preparation of the financial statements of the Exprivia Group at 31 December 2022.

Financial Risks

Interest Rate Risk

At the end of November 2020, Exprivia took out a bank loan agreement backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan, pursuant to the Liquidity Decree (Italian Decree Law no. 23 of 08/04/2020 converted into Italian Law no. 40 of 05/06/2020), which envisages a variable interest rate. This is joined by other loans, some of which are variable interest rate loans and others subsidised loans, the latter being linked to funded research and development projects.

With reference to loans, the situation and evolution of the repayments of payables outstanding at 31 December 2023 in the following years are as follows:

Description	Balance at 31/12/2023	Current portion	Non-current portion				
		Refunds within 12 months	Refunds within 24 months	Repayments within 36 months	Repayments Within 48 months	Repayments Within 60 months	Repayments after 5 years
Payables to banks	**28,769,436**	**17,857,123**	**5,848,754**	**4,409,169**	**351,096**	**176,387**	**126,907**
Of which at floating rate	22,263,679	12,451,887	5,451,887	4,184,906	175,000	-	-
Of which at Fixed Rate	6,505,757	5,405,236	396,868	224,264	176,096	176,387	126,907

Interest rate risk is due to the exposure of floating rate loans. At 31 December 2023, the Group's medium/long-term debt relating to floating rate bank loans amounted to Euro 22,264 thousand, broken down into the short-term portion, amounting to Euro 12,452 thousand, and the long-term portion, amounting to Euro 9,812 thousand.

In the event of a rise in variable interest rates, in particular in the event of a +0.50% change, the effect on the income statement relating to higher financial charges for the Exprivia Group would be insignificant.

The loans taken out with the Ministry of Economic Development, and those taken out by foreign subsidiaries are not exposed to interest rate risk, as they provide for the application of a fixed rate.

Credit Risk

Exprivia Group does not have significant concentrations of credit risk except for work carried out in the Public Sector, where delays are recorded mainly due to the payment policies adopted by public bodies. They often do not respect the conditions set forth in contracts but, nevertheless, they do not lead to the risk of bad debts.

Exprivia Group also manages this risk by selecting counterparts considered by the market to be solvent and with high credit standing.

All amounts receivable are periodically assessed for each individual customer, and they are written down when they are considered impaired.

Liquidity Risk

Liquidity risk is prudently managed by planning cash flows, financing needs and monitoring the liquidity of Exprivia Group to ensure effective adequate financial resources are available, by managing any surplus liquidity, and by opening credit lines where necessary, including short-term ones. Despite the complexity of the current economic and financial context and the persistence of a situation of great market volatility, the Exprivia Group believes that it will be able to meet its financial commitments through the efficient management of its financial resources.

Exchange Rate Risk

Since the majority of operations conducted by the Exprivia group is in the Euro area there is limited exposure to foreign exchange risk arising from transactions that are not in the usual currency (Euro). Opening up to markets characterised by major fluctuations (e.g., Brazil) might constitute a risk to be monitored, depending, however, on the volumes in place, which for the moment are not significant.

Fluctuating exchange rates during the financial year did not have a significant effect on the Group.

Risk deriving from the Russia-Ukraine conflict

As is well known, in mid-February 2022 Russia attacked Ukraine; the conflict has now lasted for two years and brings war with all its terrible consequences and suffering back to Europe. The conflict is undoubtedly having a strong impact on the whole economy, leading to ever-increasing costs of raw materials, energy sources and foodstuffs.

The conflict between Russia and Ukraine has generated serious repercussions not only at humanitarian level, but also at economic level, significantly impacting global financial markets. The consequent sanctions imposed by governments around the world on the Russian economy and the countermeasures adopted by the latter have contributed to the strong rise in the prices of raw materials (with particular reference to energy, metals and agricultural goods) and significant unease in international trade activities.

The significant inflationary increase generated by the conflict leads to consider a probable change in the monetary policy of the main global central banks towards greater restrictiveness and austerity, as in the case of the ECB in relation to the increase in interest rates and the purchase of member states' public debt. This change of course inevitably generates an increase in financial interest rates, to consequently impact the real economy, the investments made by individual companies, their production levels and the employment rate.

Therefore, it is clear that the effects of the conflict on global economic and financial conditions cannot be identified exclusively in companies whose investments or operating activities are mainly located in Russia, Belarus and/or Ukraine or which have commercial relations with third-party companies operating in the same countries, but in all companies, as they find themselves in a much weakened economic-financial environment with rising interest rates.

It should be noted in this regard that the ESMA Public Statement of 28 October 2022 dealt with the effects of the Russian invasion of Ukraine on the financial statements of the 2022 financial statements prepared in accordance with IAS 34. Therefore, the Statement aims to provide the management and control bodies of regulated companies with a series of recommendations regarding the preparation of financial statements, with particular emphasis on the controls necessary to verify any impairment (impairment test) of non-financial assets.

The Statement underlines that change in companies' strategic, commercial and financial approach following the conflict has considerably increased the risk of significant impacts on the book value of assets and liabilities in financial statements. Therefore, the Statement suggests reviewing and possibly updating the considerations made for the year-end financial statements, in particular the assumptions and hypotheses underlying the calculation of prospective flows and of other elements that contribute to the recoverable value estimate.

ESMA then recalled that, in order to assess the presence of possible indications of impairment of non-financial assets included in the scope of IAS 36 (Impairment Testing), it is necessary to consider all sources of information, both external and internal, to assess whether the effects of the Russian invasion of Ukraine represent possible indications of impairment of the same assets. The Statement also underlines that the significant increase in the general level of uncertainty caused by the conflict requires a careful assessment (in the context of estimating recoverable values through the Value in Use method) of the provisional financial data used. To this end, depending on the type of activity to be checked and the related level of risk, ESMA believes that it may be necessary to develop multiple scenarios around the provisional data considered, supported by reasonable and realistic estimation parameters and inputs. Again in this sense, in any case there must be consistency between the provisional data used and the assumptions associated with them for value checks, as well as between the choices and strategic plans formulated by the companies after the conflict.

With reference to the discount rate used to estimate the recoverable value, the Statement underlines and recalls that it must reflect current market conditions and the specific risk characteristics associated with the specific assets subject to impairment test (excluding the risk of the assets already reflected in forecast flows). Lastly, the Statement underlines that the risks associated with increased market interest rates and inflation could also have an impact on the discount rate to be used for the purposes of estimating the recoverable value of the assets to reflect the same situation, unless the same risks are already reflected in the calculation of the forecast flows used.

Two years later, it is still difficult to predict what the next scenarios created by this conflict may be. Specifically, having no commercial or financial relations with the two opposing countries, Exprivia Group is not directly impacted by the conflict and does not record any losses or critical situations arising directly from it. In view of this state of uncertainty, to date, it is believed that the impacts on the Exprivia Group may be limited as:

- the majority shareholders, as well as the members of the administrative bodies of the various Group companies, are not among the recipients of the restrictive/sanctioning measures issued to date by the European Union in response to the situation in Ukraine;

- the flows of the transactions the cash flows of the Group companies are based on are not in monetary currencies subject to significant devaluation (Rouble) due to the conflict; moreover, the Group companies do not operate with credit institutions subject to the restrictions/sanctions issued by the European Union;

- the Group companies do not operate with suppliers directly located in the countries involved in the conflict;

- no particular, additional concerns emerged regarding the recovery of trade receivables subject to valuation in addition to the bases already considered in the application of IFRS 9, as the Group companies do not have commercial relations with customers located in the countries involved in the conflict.

Risks associated with the macroeconomic context

The current uncertainty of the macroeconomic context, also linked to the tail of the COVID-19 pandemic, natural disasters, geopolitical events such as the current conflicts and inflation, involves a number of risks, including changes in consumer demand, interrupted supply chains, staff shortages, increased market volatility and changes in the way we work.

The sector in which the Group operates is not directly exposed to these risks, in particular with reference to the supply chain. However, the Group is facing the challenges imposed by these uncertain times, particularly with regard to commercial transactions and the ability to increase its sales prices in the face of rising salary costs, seeking to increase the prices of its services professional.

Material Events in 2023

On 15 March 2023, Exprivia's Board of Directors approved the annual report at 31 December 2022.

On 31 March 2023, following the equity instruments holders' consent on 16 March 2023, BETA TLC SpA recorded its liquidation, resolved by the company's shareholders' meeting on 27 June 2022 subject to the existing equity instrument holders' favourable opinion, in the Register of Companies.

On 27 April 2023, the Ordinary Shareholders' Meeting of Exprivia SpA has approved the financial statements at 31 December 2022. The Shareholders' Meeting resolved to allocate the profit for the year to the Extraordinary Reserve.

The Shareholders' Meeting appointed BDO Italia S.p.A. to audit the accounts for the period 2023-2031.

Moreover, the ordinary Shareholders' Meeting has approved the issuance of a new authorisation to purchase and sell treasury shares.

On **31 May 2023**, pursuant to and for the purposes of Article 102, paragraph 1, of the Consolidated Finance Act (TUF) and Article 37 of the Issuers' Regulation, Abaco Innovazione S.p.A., Exprivia Group's parent company, announced that it had decided to promote a voluntary tender offer pursuant to articles 102 et seq. of the TUF through a newly established corporate vehicle in the form of an Italian joint-stock company with share capital entirely held by Abaco Innovazione, aimed at: (i) acquiring all Exprivia ordinary shares and (ii) delisting the Shares from Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A. ("Delisting").

On **15 June 2023**, pursuant to and for the purposes of Article 102, paragraph 3, of the TUF and Article 37-ter of the Issuers' Regulation, Abaco3 S.p.A., a newly established special purpose company whose share capital is entirely held by Abaco Innovazione S.p.A., announced that it had filed with CONSOB the offer document (the "Offer Document"), intended for publication, relating to the full voluntary tender offer pursuant to articles 102 et seq. of the TUF, concerning the ordinary shares of Exprivia S.p.A.

On **14 July 2023**, pursuant to art. 38, paragraph 2, of the Issuers' Regulation, Abaco3 S.p.A., a newly established special purpose company whose share capital is entirely held by Abaco Innovazione S.p.A., announced the publication of the Offer Document - approved by CONSOB with resolution no. 22771 of 12 July 2023 - relating to the full voluntary tender offer promoted by Abaco3, pursuant to arts. 102 et seq. of the TUF, concerning the ordinary shares of Exprivia S.p.A.

On **18 July 2023**, the Board of Directors of Exprivia S.p.A. unanimously approved the press release drawn up pursuant to Article 103, paragraph 3, of the TUF, and Article 39 of the Issuers' Regulation, relating to the Board of Directors' reasoned assessment on the full voluntary tender offer promoted by Abaco3 S.p.A., pursuant to and for the purposes of Articles 102 et seq. of the TUF (the "Offer"). The Board of Directors acknowledged the Offer and the terms and conditions of the same described in the offer document prepared by the Offeror, and published on 14 July 2023. The Board of Directors also analysed (i) the positive opinion issued on 14 July 2023 by the Issuer's Independent Directors pursuant to Article 39-bis of the Issuers' Regulation, as well as (ii) the fairness opinion issued by KPMG Corporate Finance, a division of KPMG Advisory S.p.A., in its capacity of independent advisor to the Independent Directors, pursuant to Article 39-bis, paragraph 2, of the Issuers' Regulation, which the Board of Directors also availed itself of. The Board of Directors expressed its assessments on the Offer and, in particular, considered the Company's ordinary shares unit price of Euro 1.60 to be paid through the Offer to be fair from a financial point of view.

On **6 September 2023**, pursuant to art. 43, paragraph 1, of the Issuers' Regulation, Abaco3 S.p.A. communicated to have increased the Offer consideration from Euro 1.60 to Euro 1.68 for each Share tendered in the Offer.

On **18 September 2023**, at the end of the tender Offer period and on the basis of the provisional results, Abaco3 S.p.A. communicated to the market its intention to waive the threshold condition, as defined in the Offer Document, having also received the consent of the Lending Banks on the same date.

On **29 September 2023**, following the Reopening of the Terms, the Offer was concluded. On the basis of the final results, taking into account the shares tendered in the Offer during the Acceptance Period, the Shares tendered in the Offer during the Reopening of the Terms, at **6 October 2023** (Payment Date) the Offeror held a total of 39,223,088 Shares, representing 75.60% of the share capital of Exprivia (85.59% taking into account the 5,183,058 Treasury Shares held at that date). For further details, please refer to the published records, available on the Issuer's website, at the address: www.exprivia.it, Section "Corporate - Investor Relation - Abaco Tender Offer.

On **11 December 2023**, Exprivia S.p.A. signed a binding offer for the acquisition of 85% of Balance S.p.A., an ICT services company operating mainly in the field of Salesforce services, a world leader in Cloud-based customer relationship management (CRM) solutions.

Transactions within Exprivia Group

There were no significant transactions worth noting.

Events after 31 December 2023

On **29 January 2024**, Exprivia SpA appointed Deloitte & Touche S.p.A., as an expert appointed by the Court of Bari, to issue the legal certifications pursuant to Articles 2501-sexies and 2501-bis, paragraph 4, of the Italian Civil Code, for the merger by incorporation of Exprivia into Abaco3 S.p.A., envisaged in the offer document published by Abaco 3 S.p.A. and aimed at delisting.

It should be noted that, in consideration of the shareholding relationship between Exprivia S.p.A. and Abaco3 at the end of the Offer, the fact that Abaco3 S.p.A. is wholly owned by Abaco Innovazione S.p.A., as well as the significance of the merger, the same constitutes a transaction of greater significance between related parties pursuant to and for the purposes of the Regulation on Transactions with Related Parties issued with Consob resolution no. 17221 of 12 March 2010, as amended, and of the procedure on transactions with related parties, approved by Exprivia's Board of Directors pursuant to art. 2391-bis of the Italian Civil Code and of the Regulation itself.

Corporate Events

There were no significant events worth noting.

Acquisitions/Sales in the Exprivia Group

There were no significant events worth noting other than those already indicated.

Corporate Governance and Ownership Structures

The report on corporate governance and the ownership structures is published on the www.exprivia.it website in the section Corporate/Corporate Governance/Shareholders' Meetings/Exprivia Ordinary and Extraordinary Shareholders' Meeting of 27-28 April 2023.

Non-financial Data Report

The Consolidated Non-financial Statement is available on the www.exprivia.it website in the section Corporate/Corporate Governance/Shareholders' Meetings/Exprivia Ordinary and Extraordinary Shareholders' Meeting of 27-28 April 2023.

Exprivia's Stock Market Performance

Exprivia shares are currently listed on the Italian stock exchange's Euronext Milan market (formerly MTA). As of 28 September 2007 and until 8 July 2020, Exprivia shares were admitted to the STAR segment. On 8 July 2020, the Company's Board of Directors resolved to request from Borsa Italiana the voluntary exclusion of Exprivia shares from the STAR qualification and the transition of the same to the MTA market, pursuant to art. 2.5.7 of the Regulation of the Markets Organised and Managed by Borsa Italiana. Borsa Italiana consequently ordered the exclusion with effect from 22 July 2020.

The share capital at 31 December 2023 consists of 51,883,958 shares with a nominal unit value of Euro 0.52.

ISIN Stock Exchange Code: IT0001477402

Symbol: XPR

Composition of Shareholders

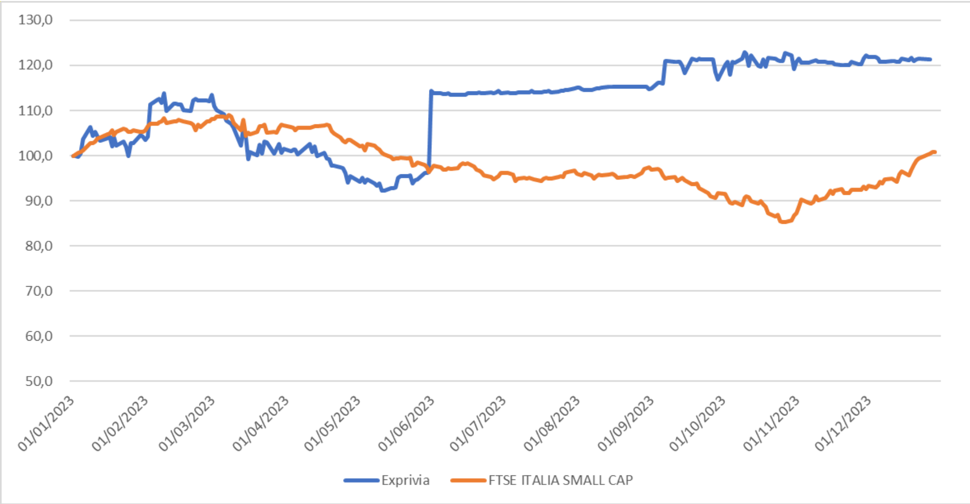
Based on the entries in the shareholders' register, as supplemented by instructions received in accordance with art. 120 of the Consolidated Finance Act and available information, at 31 December 2023, the shareholder structure of Exprivia was as follows:

Shareholders	Shares	Share percentage
Abaco Innovazione SpA	22,896,759	44.131%
Abaco3 SpA (*)	16,326,329	31.467%
Own shares held	5,719,207	11.023%
Other shareholders	6,941,663	13.379%
Total shares	**51,883,958**	100.000%

(*) Abaco3 SpA is wholly owned by Abaco Innovazione SpA, which consequently holds a total shareholding (direct and indirect) in Exprivia of 75.60% of the share capital.

Stock Performance

The graph below compares the performance of the Exprivia share price with the FTSE Italia Small Cap index in December 2023 and with reference to the twelve months prior to this date.



Business Outlook

In the second half of 2023, a voluntary Tender Offer was launched by the majority shareholder Abaco Innovazione on the entire share capital of Exprivia. The transaction was completed successfully and a 85.6% threshold was reached. The same shareholder confirmed its willingness to proceed with the company's delisting through a direct merger between Abaco3 and Exprivia. The objective of this transaction, after a listing lasting over 20 years, is to simplify the group share structure and allow the company's relaunch through the acquisition of private capital outside the regulated markets that at this time have not allowed Exprivia to adequately develop with respect to some of its main competitors and despite the company's industrial and financial growth. The conclusion of this transaction, expected by the first half year of 2024, will affect all of our company's subsequent developments and will entail the rewriting of a new business development plan for the years to come, albeit in continuity with the success achieved so far.

Investments

Real Estate

The Company's current headquarters, located in Molfetta (BA), Via Adriano Olivetti 11 and Via Agnelli 5, covers a surface area of about 15,000 sq. m on which there is a complex of buildings (made up of five blocks, four of which are multi-story). All of these are office spaces and warehouses for a total of approximately 7,500 sq. m of office space.

Exprivia also owns the head office in Rome, in via della Bufalotta 378, which consists of two lots of a total of 2,300 square metres.

Research & Development

On 1 December 2022, the "**GRINS - Growing Resilient, INclusive and Sustainable**" project started, led by the University of Bologna, funded by the Ministry of Universities and Research as part of the National Recovery and Resilience Plan (NRRP) - Mission 4. GRINS received funding of around Euro 116 million, and intends to support businesses, households and public administrations, heavily tested by the economic, financial and geopolitical crises of the last two decades as well as by the recent pandemic, providing useful knowledge and support for the implementation of fundamental enabling technologies, such as financial

sustainability tools, strategies for innovative ecosystems and circular economies, low-carbon policies and supporting territorial and social cohesion by offering advice based on concrete data to political decision-makers.
All this requires high-quality, timely data that is easy to access and usable from different sources, as well as effective and easy-to-use tools for data analysis and to support knowledge transfer and the design of public policies based on concrete data. The intention is to develop an integrated set of diverse geo-referenced databases for the study of the different aspects relevant for the analysis of the status and the evolution of the economic and social conditions of the Italian territories and of the economic system as a whole.

In addition, on 15 December 2022, the "**DARE - DigitAl lifelong pRevEntion**" project started, led by the University of Bologna, funded by the Ministry of University and Research within the National Plan for Complementary Investments to the National Recovery and Resilience Plan. The project has total funding of Euro 124 million.
The combination of important macro-trends (ageing population, growth of chronic conditions, global threats to public health) is reflected in the disease burden of the Italian population, and induces disability profiles with clear health, social and economic consequences and calls into question the NHS sustainability and its very survival. The DARE Foundation aims to:

- Helping the national health service to make a drastic transition from diagnosis and treatment to prevention and a community approach.
- Leveraging digital technologies to support this change in mentality, while offering adequate, mature and scalable solutions.

DARE's objective is to create and develop, through training, research, innovation and the participation of multiple parties, a community of connected and distributed knowledge that produces or collects, compares and organises knowledge and multidisciplinary (technical, ethical-legal and organisational) solutions necessary to assert Italy as a leading country in the field of DIGITAL PREVENTION.
The expected long-term impacts are:

- Assert Italy as a leading country in the field of digital prevention
- Build reliable, secure and scalable digital ecosystems for sustainable and effective prevention.
- Consolidate a widespread approach to preventive health and population health through seamless cooperation between digital health innovators, including citizen and patient organisations, and public and clinical health champions.

On 1 February 2023, the Ministry of Enterprises and Made in Italy signed an agreement with the Municipality of Taranto for the launch of the Casa delle Tecnologie Emergenti di Taranto Project "**CALLIOPE - Casa delle Innovazioni per il One Health**". On 13 April 2023, the Municipality of Taranto signed an implementation agreement with the project partnership for the official start of project activities.
One Health is not only a construct linked to the need for prevention on multiple global ecosystem species and action levels, but a real complex system that connects through a common interface chemical, physical and biological exposure factors with similar and combined effects between humans, animals and the entire environment. The seminal innovation in the understanding of One Health is certainly artificial intelligence applied to the processing of big-data and to the management of IoT (Internet of Things) devices networked on broadband radio frequency (5G and 6G).
The CALLIOPE Project intends to create a structure capable of providing translational research results in the field of One Health and disseminating them both from an educational and a public communication point of view, exploiting the support of emerging IoT and 5G technologies. The research results will be exploited by technology transfer structures working together with national and international industrial companies. The ambition is to become the first One Health observatory in Europe, starting from the incubation of innovative solutions in the various areas, within 24 months from the start of the project activities.
The project is part of the broader context of national and European vision and policy on the topics: "Environment and Health" - HORIZON EUROPE, Priority 2 of the Just Transition Fund (JTF) of the Department for Cohesion Policies and the South, and "European Health Data Space" - European Strategy for data.

On 1 March 2023 the "**NEST - Network 4 Energy Sustainable Transition**" project started, funded by the Ministry of Universities and Research, as part of the National Recovery and Resilience Plan (NRRP) - Mission 4. The project involves a total investment of around Euro 118 million, is part of the "Green Energy for the Future" PE programme and aims to connect the main university laboratories and research groups and the main national research institutions, identifying interdisciplinary skills in order to developing technologies for the conversion and use of renewable sources with particular reference to smart integration, BIM and energy communities. The primary mission of the NEST network is to build competent Italian leadership, consistent with the excellence of partners and affiliates, able to support the growth of a new generation of energy technologies, researchers and research infrastructures for a future sustainable and resilient energy sector.

On 17 May 2023, the Ministry of Enterprises and Made in Italy approved the "**SCIAME - Smart City Integrated Air Mobility Evolution**" project proposal for funding, focused on the specific characteristics of the Bari metropolitan area.
The SCIAME project aims to develop solutions to support the safety of UAS (UAM/AAM) operations in urban areas, innovative UAM services for smart cities and new urban and metropolitan intelligent mobility solutions integrating new air mobility services with land mobility, in line with the main technological development programme at national (Strategic Plan for Advanced Air Mobility, ENAC, 2021) and European (Multiannual work programme, SESARJU, 2022) levels.
The project is focused on the issues related to the security of aerial operations in urban skies to enable new needs or opportunities for smart city operators in different areas: integrated and dynamic aircraft and land vehicle fleets monitoring, new intermodal logistics services, limitations and specifications to guarantee citizens' urban security and privacy, study and measurement of the environmental and social impact of new mobility policies, new land infrastructures for air and intermodal mobility, innovative digital services for urban traffic coordination and optimisation, to name the main but not exclusive needs/opportunities.
The Municipality of Bari launched some time ago an urban mobility innovation process aimed at making it more sustainable and intelligent, which is being formalised in a new Urban Plan for Sustainable Mobility (collaboration agreements with DTA and ENAC, Drone Living Lab).
On 1 December 2023, the preparatory activity for the start of the activities envisaged as part of the following "**European Digital Innovation Hubs**", of which Exprivia is a partner, was formally concluded:

- ARTES 5.0 Restart Italy (ADVANCED ROBOTICS AND ENABLING DIGITAL TECHNOLOGIES & SYSTEMS), aims at the widespread adoption of digital technologies at national level, with particular attention to artificial intelligence and LNP. Exprivia's activities will focus on AI services as part of Test Before Invest and Training activities.
- H.S.L. (Heritage Smart Lab) aims to create the largest, most structured and qualified European Digital Innovation Hub - based in Basilicata with two spokes in Campania and Puglia - specialised in the Cultural Heritage and Cultural and Creative Industries sector and Exprivia activity will concentrate on Cyber security and AI services as part of the Test Before Invest and Training activities in relation to Cybersecurity.
- P.R.I.D.E. (POLO REGIONALE PER L'INNOVAZIONE DIGITALE EVOLUTA - REGIONAL POLE FOR ADVANCED DIGITAL INNOVATION) intends to support the digital transformation of SMEs operating in strategic sectors in Campania (transport, biotechnology, utilities, agri-food, fashion) and Exprivia activity will concentrate on Cybersecurity as part of the Test Before Invest and Training activities.

On 1 November 2023, the preparatory activity for the start of the activities envisaged as part of the EDIH4DT (Secure Digital Transformation of Public Administrations) was formally concluded. The EDIH4DT HUB intends to promote and support the modern and widespread digital transformation of Public Administrations (PA), a strategic objective strongly recommended by both the European Union and the Italian Government. The services to guide PAs towards digital transformation will be based on the use of applications based on Artificial Intelligence, High Performance Computing, Cloud, Big Data, Communication Networks and IT Security. Processes, data and services for the community, citizens and companies will be the target of the innovation proposed for the PAs. Exprivia's activities will focus on AI, HPC, Cloud and Big Data services as part of Test Before Invest activities.

Events and Sponsorships

The Exprivia Group is constantly committed to supporting corporate and business initiatives of national and international standing. In particular, in 2023 Exprivia supported various initiatives broken down by area of interest and by business sector, confirming its support for business network organisations and universities.
In 2023, there was a return to the organisation of in-person events but the strong interest in the hybrid mode remains confirmed.

Events by proposing division	2023	2022
Staff	43	48
Markets	34	39
Total	**77**	**87**

A slight quantitative decrease was recorded in the 2023 initiatives, in favour of a qualitative growth in the initiatives pursued, also of an international nature.

Events by type	2023	2022
Corporate Brand	41	41
Business	36	46
Total	**77**	**87**

The above table shows that in 2023 the number of corporate brand initiatives, aimed at using the brand to strengthen its visibility and prestige, remained stable compared to 2022. A slight quantitative contraction was recorded in 2023 for business events, compared to the events in the previous year, but the objective of lead generation and communicate the latest developments in innovative solutions, skills and services to the market remains high, with the aim of increasing business in the relevant sector and promoting ongoing partnerships.

The Exprivia Group reconfirmed its support for cultural initiatives during the year, reiterating the importance of culture as a fundamental asset for humanity, even for a technology company. Only through direct involvement is it possible to achieve better social, environmental and economic conditions, and Exprivia's identity lies precisely in the protection and enhancement of culture. The study of art, history and philosophy, their relationship linking the past with the present, is an authentic element of social innovation, in a context in which, increasingly often, the language of culture permeates the company management processes, providing substance to the vision of the future.
Culture and knowledge further innovation and vice versa, therefore it is the Exprivia Group's conviction that each company has the duty to imagine and plan the future and, when possible, anticipate it. Also through the development of cultural initiatives.
The Group supports various cultural initiatives of national and local scope, and sponsors events aimed at developing the culture of its staff and employees as well as the citizens of the territories in which it operates.
The following list shows the most significant cultural initiatives that the Group supported during 2023:

- Note di Donne, the first international female music biennial, from 23 to 25 June 2023, Diocesan Museum - Molfetta (BA). A space for study, listening and discussion dedicated to female talent in the field of classical music, and specifically composition.

- Conversazioni dal Mare, the open-air cultural topical event held from 30 June to 2 July 2023 in Molfetta (BA);
- Biennial of business stories, a project of the Business Club for Culture promoted by Confindustria Bari and BAT, which tells business stories following four different artistic thematic sections: theatre, audiovisual, literature and visual arts;
- History Lessons, 15 October to 10 December 2023, Bari;

But 2023 was also the year of sporting activities for Exprivia:

- Race for the cure, 7 May 2023, Rome and 14 May 2023, Bari. the largest sporting event for the fight against breast cancer in Italy and in the world. It uses the funds raised by the project to carry out prevention programmes supporting women. Sports and wellness days, which include 5 km of competitive and amateur running and 2 km of walking for men, women and children, competitive and amateur runners with recognition and prizes for the highest rankings.
- Absolute National Athletics Championships, from 28 to 30 July 2023 in Molfetta (BA). FIDAL, the Italian Athletics Federation, organised (for the first time a unique event in the sporting history of the Puglia Region) the Absolute National Athletics Championships at the 'Cozzoli' Athletics stadium in Molfetta (BA).

In December 2023, Exprivia dedicated a happy interlude to its corporate population, hosting three internal events during the Christmas holidays, with the aim of expressing thanks to all employees who manage the business with a great sense of responsibility and professionalism.

Management Training and Development

The success and growth of the Exprivia Group are directly linked to the excellence of our people; the men and women at Exprivia express their high level of professionalism to guarantee the Company's development programmes. To achieve this result, Exprivia invests in training and enhancement, establishing the conditions for a cooperative and motivating working environment. In a competitive scenario, characterised by continuous evolution, people are pushed to strive for continuous improvement thanks to a Performance Appraisal system and renewed training investment on continuous learning.

Continuous training, innovation, attention to quality, well-being and focus on objectives are the key components of the Group's HR management policies. The challenges of the reference market require particular attention to professional development issues, applied to both technological and managerial skills.

Furthermore, during 2023, after an experimental path launched in 2022, we launched the Exprivia Career Path programme, with the aim of influencing the growth mindset of our people by activating: conscious choices for personal growth; continuous training to identify development opportunities in all circumstances.

Training delivered in 2023 totalled 48,428 hours (299 of which in foreign offices), involving 15,577 participants. In the context of the 2023 Training Master Plan (2023 TMP), the following training courses are of particular interest:

University: Structured upskilling training courses, in blended mode, aimed at middle senior staff to upgrade skills, lasting 90 hours each. Here are some of the macro-themes:

- Modern Development
- Data Driven Development
- Next generation Computing Technologies

IT management: digital training courses associated with the development of roles involved in project and service management, with consequent certification programme.

Cybersecurity awareness: aimed at increasing employees' sensitivity and awareness with regard to Security Awareness issues.

Sales Assessments (Sales Area): assessments were carried out to investigate sales skills in the Sales area. Training actions and action plans will follow in 2024 to enhance strengths and improve areas in relation to the company's new development and innovation objectives.

In addition, in order to improve employees' knowledge and engagement on ESG issues, important training initiatives were carried out; some of the topics addressed are listed below:

ISO 45001 Occupational Health and Safety Management System. With the aim of improving the Health and Safety in the Workplace culture, further enhancing the processes implemented in compliance with Italian Legislative Decree no. 81/08.

ISO 5001(Exprivia Company Projects): Energy Management System. With the objective to improve the energy performance of the entire organisation through an approach that involves technological and behavioural aspects.

UNI/PdR 125. Once the Gender Equality certification was attained in 2023, with the aim to raise the awareness of Managers and Employees across the entire organisation, regardless of the role played, in guaranteeing support for company policies and practices to ensure gender equality. Staff will be involved in the definition and implementation of initiatives aimed at gender equality, in all application areas (careers, salary review, talent acquisition, etc.). Together with specific events on the subject, training actions launched in 2023 have appropriately prepared our people for this important cultural evolution goal.

With regard to the **Recruiting & Talent Acquisition** processes, in 2023, 261 resources, including recent graduates and qualified personnel in technical-IT areas, process experts and IT Management experts were recruited in the Italian offices, as well as a further 96 resources, recruited to cover Contact Centre activities for a total of 357 resources recruited in Italy. In foreign countries, 18 new graduates and qualified personnel were hired. In total, between the Italian and foreign perimeter, total new recruits for the entire 2023 financial year is therefore 375.

From a Talent Acquisition viewpoint, as in the past, the Exprivia Group carried out active collaboration projects, also from a pre-employment training point of view, with Schools, Universities, Polytechnics, ITS System, Specialised Training Centre, Schools of Higher Education, Research Centres and Consortia, for high school graduates, university undergraduates and post-graduates.

Staff and Turnover

The table below shows the companies' workforce at 31 December 2023, compared with that at 31 December 2022.

Specifically, the table shows the number of resources, of which around 27% are part-time (with various arrangements of contractual working hours):

Company	Employees		Average employees		Temporary workers		Averange temporary workers	
	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023
Exprivia SpA	1,815	1,874	1,828	1,851	4	5	5	4
Exprivia Projects Srl	460	527	460	483	-	-	-	-
Advanced Computer Systems Srl Germany	8	9	8	9	-	-	-	-
Exprivia It Solutions Shanghai	18	19	18	19	-	-	-	-
Expriva SLU (Spagna)	29	26	31	28	2	-	3	-
Prosap SA de CV/Prosap Centramerica SA	8	2	17	4	-	-	-	-
Exprivia do Brasil Servicos de Informatica Ltda	40	27	41	31	25	-	19	-
Spegea Scarl	6	6	6	6	-	1	-	-
HR Coffee	8	9	8	9	-	-	-	-
Total	**2,392**	**2,499**	**2,417**	**2,440**	**31**	**6**	**27**	**4**
of which Managment	47	51	45	48				
of which Middle Managment	237	260	240	253				

The number of resources, employees and collaborators at 31 December 2023 was equal to 2,505 employees, compared to 2,423 employees at 31 December 2022.

The average number of resources, employees and collaborators, referring to the year 2023, is equal to 2,444, unchanged compared to 2022.

Integrated Management System

Since 2005 Exprivia has developed an Integrated Management System (IMS) that meets the requirements of the ISO 9001, ISO 13485, ISO/IEC 20000-1, ISO/IEC 27001, ISO 22301, ISO 18295 and ISO14001 international standards. This system is supplemented with specific standards for the engineering of software and systems with a view to developing working methodologies and processes capable of combining standardisation with flexibility and self-improvement capabilities through the support of competent, knowledgeable and motivated individuals. Moreover, the IMS was designed and implemented with the "Risk Based Approach" perspective, in accordance with the rules on management systems published as from 2015, which pay particular attention to the identification, analysis and assessment of risks in order to meet the organisation's objectives and prevent/reduce undesirable effects.

We believe that sustainability is an indispensable value for Exprivia, which takes on the form of respecting people, the environment and society as a whole. Exprivia ensures its commitment to Sustainable Development through constant attention to ESG (Environment, Social and Governance) aspects. In fact, in 2022 and 2023 Exprivia attained various certifications in the ESG (Environment, Social and Governance) area, as effective and internationally recognised tools to support Management's commitment to contribute to sustainable development.

Certifications	Purpose of the Management System
Environment	
ISO 14001 *(Exprivia and Exprivia Projects)* ***(Achieved for Projects in 2022)***	ISO 14001 certification enables the identification and minimisation of the environmental impacts of production activities.
ISO 14064-1 *(Exprivia and Exprivia Projects)* ***(Achieved in 2022)***	Reducing greenhouse gases requires suitable tools for quantifying and verifying emissions calculations and reporting activities. ISO 14064-1 outlines a working methodology based on a scientific and systematic approach to GHG reporting and monitoring.
ISO 50001 *(Exprivia Projects)* ***(Achieved in 2023)***	The Energy Management System aims to increase energy efficiency by improving energy performance, with a consequent reduction in greenhouse gas emissions and energy waste.
Social	
ISO 45001 *(Exprivia and Exprivia Projects)* ***(Achieved in 2022)***	The Occupational Health and Safety Management System makes workplaces safer and healthier, and prevents work-related illnesses and injuries, with a view to continuous improvement.
SA 8000 *(Exprivia)* ***(Achieved in 2022)***	Exprivia identifies its commitment to social issues as a key focus and priority, in accordance with the SA 8000 Standard (Social Accountability), through the adoption of a Social Accountability Management System. The SA 8000 Standard is based on ILO (International Labour Organisation) conventions, the Universal Declaration of Human Rights, and the United Nations Convention on the Rights of the Child.
UNI/PdR 125 *(Exprivia)* ***(Achieved in 2023)***	Exprivia has decided to adopt a Management System for Gender Equality (SGPG) compliant with UNI/PdR 125 practice, as a tool for the pursuit of its gender equality policies, with a view to improving and promoting gender equality. In fact, the Management System has the objective of accompanying and encouraging the organisation to adopt policies suitable for reducing, and potentially eliminating, the gender gap with the consequent benefits for staff well-being, in addition to the reputational and ethical impacts.
Family Audit *(Exprivia)* ***(Achieved in 2022)***	Family Audit is a standard Exprivia has adopted as a management tool for: a) activating a cultural change in the organisation through innovative human resource management policies aimed at: the well-being of employees and their families; work-life balance; promotion of equal opportunities; business growth; territorial well-being.

	b) ensuring an adequate balance between the interests and needs of the organisation and the employees. c) ensuring work-life balance within the organisation by placing it within a territorial system of opportunities in favour of women, men and the family.
Governance	
ISO 9001 *(Exprivia and Exprivia Projects)* ISO 13485 and EC Marking Medical Devices (MDD) *(Exprivia)*	The Quality Management Systems are certified in accordance with the ISO 9001 standard to define, maintain and improve the company processes by gradually identifying new objectives consistent with those of the highest levels defined in the Quality Policy. For the design and development of the Exprivia medical systems, ISO 13485 and the medical devices directive have been adopted.
ISO 20000-1 *(Exprivia)* ISO 27001 *(Exprivia and Exprivia Projects)* ***(Achieved for Projects in 2023)*** ISO 27017, ISO 27018 *(Exprivia)* ISO 22301 *(Exprivia)*	They enable the adoption of industry best practices and increasingly meet the needs of stakeholders for IT service management (ISO 20000-1), information security (ISO 27001), and business continuity management (ISO 22301). In providing ICT solutions in the cloud, Exprivia also felt the need to extend the scope of information security by following the Guidelines of ISO 27017 'Information security controls for cloud services' and ISO 27018 'Protection of personally identifiable information (PII) in public clouds acting as PII processors'.
ISO 18295 *(Exprivia and Exprivia Projects)*	The standard provides a framework applicable to any Contact Centre - both inbound and outbound - which wishes to satisfy the requirements and expectations of all the stakeholders involved (principal, users, operators of the Contact Centre), while continuously improving performances by using the results of the KPIs defined. The certification - which is a service certification rather than a management system certification - is a preferential and distinctive qualification (compared with ISO 9001 certification) for customers who wish to commission Contact Centre services.
ISO 37001 *(Exprivia)* ***(Achieved in 2022)***	Exprivia's Corruption Prevention Management System is based on ISO 37001 and contributes to the development of an ethical culture in companies by operating according to principles of transparency, in compliance with the current regulatory framework. The certification allows to apply an organisational and developmental model, which is based on a culture of legality and promotes constant actions to improve business processes.

The company seeks to extend the processes and best practices used in Italy at international level, by appropriately adjusting them to the relevant national context, so that others may gain from the improvement actions identified over years of experience.

The management systems are periodically subject to internal and external audits, aimed at periodically checking the state of application of the system and its compliance with the reference norms and with applicable legislation.

Organisation, Management and Control Model (pursuant to Italian Legislative Decree no. 231/2001)

Effective 31 March 2008, Exprivia adopted its Organisation, Management and Control model under Italian Legislative Decree no. 231/2001 and set up a Supervisory Board, entrusted to supervise the operation and compliance of the same Mode, whose members do not hold any director role in the Group companies.
This model is integrated with the principles and provisions of the Exprivia Code of Ethics. The unique nature of Exprivia's governance system, processes and policies is thus confirmed, which also focuses on developing a corporate culture that fully complies with the principles of conduct for all of Exprivia.
The internal Organisation Model is made up of a General Section and eight special sections which contain the protocols for the prevention of the specific offences envisaged by the Decree; the Supervisory Board is responsible for the control thereof.
The Model is kept updated, and the most recent version in force was approved by the Board of Directors on 20 December 2022.
In particular, with resolution of 20 December 2022, the Board of Directors approved the new special part H of the 231 Organisational Model, dedicated to the prevention of Tax Offences. Exprivia's Supervisory Board meets periodically and carries out its activities in observance of the tasks assigned to it by the Model and the Regulation it has independently adopted, all with the aim of supervising the model's operation and of updating it.
The Supervisory Board in office was appointed on 20 December 2022 and will remain in office until the appointment of the new Board of Directors, which will take place with the approval of the financial statements at 31 December 2023.
In 2023, Exprivia's Supervisory Board did not receive any reports, nor identify any episodes of corruption.
Exprivia's Organisation, Management and Control Model - General Part is published on the Company's website in the section "Corporate Governance - Corporate Information" (https://www.exprivia.it/). The Code of Ethics is also available to the public on the Company's website in the "Corporate Social Responsibility - Governance - Code of Ethics" (https://www.exprivia.it/).

Inter-company relations

The organisational structure of the Exprivia Group functionally integrates all staff services of the Group companies within the scope of consolidation, thereby optimising the operational structures of each company to ensure effectiveness and efficiency in support of the "Group" business.

The Administration, Finance and Control Department centrally manages all "Group" companies.

The Human Resources Department defines the policies for the entire Group and verifies their implementation.

The following staff functions also report to the Chairman: Internal Audit, Strategy & Compliance Department, Innovation Marketing & Technology.

The "Group" companies constantly collaborate with each other for commercial, technological and application development. In particular, the following should be noted:

- widespread use of specific corporate marketing and communication competencies within the Group including the production of paper, digital and web-based promotional material;

- centralised management for the supply of specialist technical resources between Group companies to manage critical points in turnover and to give all operational units access to highly specialised technical competencies;
- coordinated participation by Exprivia in public contract tenders, with the contribution of all companies according to their specific competencies.

It should be noted that a cash pooling relationship is in place between Exprivia SpA and Exprivia Projects Srl.

Relations with Related Parties

In compliance with applicable legislative and regulatory provisions, and in particular with: (i) the "Regulation on transactions with affiliated parties - CONSOB resolution no. 17221 of 12 March 2010" as amended by resolution no. 17389 of 23 June 2010; (ii) the outcome of the subsequent "consultation" published by CONSOB on 24 September 2010; (iii) CONSOB notice on guidelines for applying the regulation published on 24 September 2010; (iv) CONSOB notice no. 10094530 of 15 November 2010 with additional clarifications, on 20 July 2021 the Company's Board of Directors adopted a new "Procedure for Transactions with Related Parties" (the "Procedure"), setting forth provisions concerning transactions with related parties in order to ensure the transparency and substantive and procedural correctness of operations with related parties carried out directly or through companies that are directly and/or indirectly controlled by Exprivia ("Exprivia Group").

This Procedure, which replaced the one previously in force and introduced on 4 December 2017, as an update to the one of 27 November 2010, is available on the Company's website in the section "Corporate > Corporate Governance > Corporate Information".

Pursuant to art. 5, paragraph 8, of the Regulation, it should be noted that, in the 2023, no significant transactions were completed (as set forth in Art. 4, paragraph 1, lett. A) and identified by the aforementioned Procedure pursuant to the Annex 3 of the Regulation), nor other transactions with related parties that had a significant impact on the consolidated financial position or on the results of the Group in the reference period.

The transactions with related parties carried out by the Company during 2023 fall within the scope of normal business operations and were carried out on an arm's length basis. No atypical or unusual transactions were carried out with related parties.

Report on Management and Coordination Activities

In accordance with art. 2497 et seq. of the Italian Civil Code, governing transparency in the exercise of company management and coordination, it is recognised that this is exercised by the parent company Abaco Innovazione SpA, with head offices in Viale Adriano Olivetti 11, Molfetta (Bari, Italy), tax code and VAT no. 05434040720.

In exercising management and coordination activities:

- Abaco Innovazione SpA (hereinafter also the "Parent Company") has not caused any damage to the interests and assets of the Exprivia Group;
- full transparency of inter-company relations was ensured, in order to allow anyone who may be interested to verify whether this principle is being observed;
- transactions with Abaco Innovazione SpA were carried out on an arm's length basis, i.e., under conditions that would have been applied by independent parties.

Relations with Abaco Innovazione SpA of an economic, equity and financial nature are set forth in the following section of this Directors' Report "Group Relations with the Parent Company".

In accordance with art. 2.6.2, paragraph 8, of the Regulation of the Markets Organised and Managed by Borsa Italiana SpA, the Directors declare that, at 31 December 2023, the Company does not meet the conditions provided under art. 16 of Consob Market Regulation no. 20249/2017 as amended.

Group Relations with the Parent Company

The financial and equity relations between the Exprivia Group and the parent company Abaco Innovazione SpA at 31 December 2023 compared to 31 December 2022 are laid out below.

Amounts in thousands of Euro.

Current financial receivables

Description	31/12/2023	31/12/2022	Variation
Abaco Innovazione_Current financial receivables from parent company	-	475	(475)
TOTAL	**-**	**475**	**(475)**

The balance at 31 December 2022 included Euro 475 thousand relating to the receivable for an unsecured loan with no guarantees taken out in 2016 by the parent company Abaco Innovazione SpA, with Euro 1,680 thousand disbursed in cash and Euro 1,305 thousand as a reclassification of receivables outstanding at 31 December 2015. At 31 December 2023, the balance was zero as the contract ended on 4 April 2023.

Trade Receivables

Description	31/12/2023	31/12/2022	Variation
Abaco Innovazione_Trade receivables from parent companies	51	46	5
TOTAL	**51**	**46**	**5**

The balance at 31 December 2023 amounted to Euro 51 thousand compared to Euro 46 thousand in December 2022, and refers to receivables for Exprivia SpA for administrative and logistics services.

Other Current Receivables

Description	31/12/2023	31/12/2022	Variation
Abaco Innovazione_Costs of a financial nature from parent companies	274	-	274
TOTAL	**274**	**-**	**274**

The balance at 31 December 2023 amounted to Euro 274 thousand and refers to receivables due to Exprivia SpA as a result of the participation, in 2023, in the Tax Consolidation with its parent company Abaco Innovazione SpA.

Other Current Payables

Description	31/12/2023	31/12/2022	Variation
Abaco Innovazione_Costs of a financial nature from parent companies	120	-	120
TOTAL	**120**	**-**	**120**

The balance at 31 December 2023 amounted to Euro 120 thousand and refers to payables pertaining to Exprivia Projects Srl as a result of the participation, in 2023, in the Tax Consolidation with its indirect parent company Abaco Innovazione SpA.

Revenues and Income

Description	31/12/2023	31/12/2022	Variation
Abaco Innovazione_Financial income from parent companies	9	17	(8)
TOTAL	**9**	**17**	**(8)**

The balance at 31 December 2023 refers primarily to interest accrued from Abaco Innovazione SpA on a loan disbursed by Exprivia terminated on 4 April 2023.

Financial Income and Charges

Description	31/12/2023	31/12/2022	Variation
Abaco Innovazione_Costs of a financial nature from parent companies	-	435	(435)
TOTAL	**-**	**435**	**(435)**

The balance of Euro 435 thousand at 31 December 2023 included costs for the guarantee given by the Parent Company to obtain the Euro 25 million loan disbursed to Exprivia by a pool of banks in April 2016.

At 31 December 2023, the balance was zero as the contract ended on 31 December 2022.

Consolidated Financial Statements of the Exprivia Group at 31 December 2023

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Consolidated Financial Statements at 31 December 2023

Consolidated Balance Sheet

Amounts in thousands of Euro	Notes	31.12.2023	31.12.2022
Property, plant and machinery	3.1	17,438	16,390
Goodwill	3.2	69,071	69,071
Other Intangible assets	3.3	7,367	8,144
Equity investments	3.4	663	816
Other Non-current Financial Assets	3.5	557	145
Other Non-Current Assets	3.6	360	682
Deferred tax assets	3.7	1,938	2,094
NON-CURRENT ASSETS		**97,394**	**97,342**
Trade Receivables	3.8	55,358	51,717
Inventories	3.9	1,740	913
Work in progress contracts	3.10	29,277	25,669
Other Current Assets	3.11	15,539	13,589
Other Current Financial Assets	3.12	674	710
Cash and cash equivalents	3.13	23,452	17,290
Other Financial Assets Measured at FVOCI	3.14	2	2
CURRENT ASSETS		**126,042**	**109,890**
TOTAL ASSETS		**223,436**	**207,232**

Amounts in thousands of Euro			
	Notes	31.12.2023	31.12.2022
Share capital	3.15	24,006	24,284
Share Premium Reserve	3.15	18,082	18,082
Revaluation Reserve	3.15	2,907	2,907
Legal Reserve	3.15	5,396	5,190
Other Reserves	3.15	33,191	31,258
Profit/(Loss) from previous years	3.15	(1,801)	(10,497)
Profit/(Loss) for the year	3.40	13,157	11,533
SHAREHOLDERS' EQUITY		**94,938**	**82,757**
Minority Shareholders' Interests	3.15	101	85
GROUP SHAREHOLDERS' EQUITY		**94,837**	**82,672**
Non-current payables to banks	3.16	9,935	15,398
Other Non-current Financial Liabilities	3.17	4,572	2,862
Other Non-current Liabilities	3.18	1	77
Provision for Risks and Charges	3.19	90	233
Employee Provisions	3.20	6,609	6,893
Deferred tax liabilities	3.21	1,806	1,814
TOTAL NON-CURRENT LIABILITIES		**23,013**	**27,277**
Current bond issues	3.22		9,178
Current payables to banks	3.23	18,869	10,081
Trade Payables	3.24	33,770	27,273
Advance Payments on Work in Progress Contracts	3.25	5,850	6,194
Other Financial Liabilities	3.26	3,893	3,417
Other current liabilities	3.27	43,103	41,054
CURRENT LIABILITIES		**105,485**	**97,197**
TOTAL LIABILITIES		**223,436**	**207,232**

Consolidated Income Statement

Amounts in thousands of Euro	Notes	2023	2022
Revenues	3.28	195,029	176,099
Other income	3.29	7,957	7,613
TOTAL REVENUES		**202,986**	**183,712**
Costs for sundry consumables and finished products	3.30	13,412	4,825
Staff costs	3.31	116,345	112,566
Costs for services	3.32	43,687	37,188
Costs for leased assets	3.33	1,192	832
Sundry operating expenses	3.34	2,560	1,633
Changes in inventories	3.35	(982)	(22)
Provisions and write-downs of current assets	3.36	(462)	1,572
TOTAL COSTS		**175,752**	**158,594**
EBITDA		**27,234**	**25,118**
Amortisation, depreciation and write-downs of non-current assets	3.37	5,844	5,923
EBIT		**21,390**	**19,195**
Financial income (expense) and other investments	3.38	(3,278)	(2,620)
PROFIT (LOSS) BEFORE TAXES		**18,112**	**16,575**
Income taxes	3.39	4,955	5,042
PROFIT (LOSS) FOR THE YEAR	**3.40**	**13,157**	**11,533**
Attributable to:			
Shareholders of the parent company		13,141	11,534
Third parties		16	(1)
Earnings (losses) per share	3.41		
Basic earnings (losses) per share		0.2748	0.2290
Diluted earnings (losses) per share		0.2748	0.2290

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Consolidated Statement of Comprehensive Income

Amounts in thousands of Euro			
Description	**Notes**	**2023**	**2022**
Profit (loss) for the year	**3.40**	**13,157**	**11,533**
Other comprehensive profits (losses) that will not be subsequently reclassified to profit/(loss) for the year			
Actuarial profit (loss) due to the application of IAS 19		(302)	515
Tax effect of changes		73	(119)
Total other comprehensive profits (losses) that will not be subsequently reclassified to profit (loss) for the year	**3.15**	**(229)**	**396**
Other comprehensive profits (losses) that will be subsequently reclassified to profit (loss) for the year			
Change in the translation reserve		147	271
Total other comprehensive profits (losses) that will be subsequently reclassified to profit (loss) for the year	**3.15**	**147**	**271**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**13,075**	**12,200**
attributable to:			
Group		13,059	12,192
Third parties		16	8

Statement of Changes in Consolidated Shareholders' Equity

Amounts in thousands of Euro	Share capital	Treasury shares	Share premium reserve	Revaluation reserve	Legal Reserve	Other Reserves	Retained Earnings (Losses carried forward)	Profit (loss) for the year	Total Shareholders' Equity	Minority Shareholders' Interests	Total Group Shareholders' equity
Balance at 31/12/2021	**26,980**	**(2,364)**	**18,082**	**2,907**	**4,682**	**23,984**	**(10,470)**	**10,138**	**73,939**	**50**	**73,889**
Allocation of previous year result					508	7,166	2,464	(10,138)	-	-	-
Dividend distribution							(2,258)		(2,258)		(2,258)
Reclassification of dividends on treasury shares						233	(233)		-		-
Purchase of treasury shares		(332)				(814)			(1,146)		(1,146)
Other movements						22			22	27	(5)
Components of the overall result											
Profit (loss) for the year								11,533	11,533	(1)	11,534
Effects deriving from the application of IAS 19						396			396	9	386
Currency translation reserve						271			271	-	271
Total Comprehensive Income (Loss) for the year									**12,200**	**8**	**12,192**
Balance at 31/12/2022	**26,980**	**(2,696)**	**18,082**	**2,907**	**5,190**	**31,258**	**(10,497)**	**11,533**	**82,757**	**85**	**82,672**
Allocation of previous year result					206	11,769	(441)	(11,533)	-	-	-
Allocation of 2019 result						(22,865)	22,865		-	-	-
Reclassification of other reserves						13,727	(13,727)		-	-	-
Purchase of treasury shares		(278)				(618)			(896)		(896)
Other movements						3	(1)		2		2
Components of the overall result											
Profit (loss) for the year								13,157	13,157	16	13,141
Effects deriving from the application of IAS 19						(229)			(229)	-	(229)
Currency translation reserve						147			147	-	147
Total Comprehensive Income (Loss) for the year									**13,075**	**16**	**13,059**
Balance at 31/12/2023	**26,980**	**(2,974)**	**18,082**	**2,907**	**5,396**	**33,191**	**(1,801)**	**13,157**	**94,938**	**101**	**94,837**

Consolidated Cash Flow Statement

Amounts in thousands of Euro					
STATEMENT	**3.42**	**2023**		**2022**	
Income management transactions:					
Profit (loss) for the year	3.40	13,157	(1)	11,533	(1)
Amortisation, depreciation, write-downs, provisions and other non-monetary elements		6,723		7,839	
Employee Severance Indemnity Fund (TFR)		5,392		5,372	
Employee Severance Indemnity Fund advances/payments		(5,978)		(5,954)	
Change in fair value of derivatives		(9)		193	
Cash flow generated (absorbed) by the income management	**a**	**19,285**		**18,983**	
Increases/Decreases in current assets and liabilities:					
Change in inventories and advances		(4,989)		(2,577)	
Change in receivables from customers		(3,573)		969	
Change in receivables from parent companies/associates		(128)		(61)	
Change in receivables from others and tax receivables		(2,212)		(4,670)	
Change in payables to suppliers		6,401		(1,200)	
Change in payables to parent companies/associates		180		(49)	
Change in tax and social security payables		(571)		(193)	
Change in payables to others		2,576		2,577	
Cash flow generated (absorbed) by current assets and liabilities	**b**	**(2,316)**		**(5,204)**	
Cash flow generated (absorbed) by operating activities	**a+b**	**16,969**		**13,779**	
Investment activities:					
Purchases of property, plant and equipment net of consideration for disposals		(568)		(572)	
Change in intangible assets		(1,941)		(1,529)	
Change in non-current assets		158		69	
Net change in other financial receivables		(367)	(2)	503	(2)
Cash flow generated (absorbed) by investing activities	**c**	**(2,718)**		**(1,528)**	
Financial assets and liabilities					
New medium/long-term loans		23,678	(2)	2,283	(2)
Repayments of medium/long-term loans		(28,764)	(2)	(12,827)	(2)
Net change in other financial payables including other current payables to banks		(2,188)	(2)	(14)	(2)
Changes in other non-current liabilities and use of provisions for risks		(69)		(352)	
(Purchase)/Sale of treasury shares		(896)		(1,146)	
Dividends paid		-		(2,258)	
Change in shareholders' equity		150		293	
Cash flow generated (absorbed) by financing activities	**d**	**(8,090)**		**(14,021)**	
Flow of cash and cash equivalents	**a+b+c+d**	**6,162**		**(1,770)**	
Cash and cash equivalents at the beginning of the year		17,290		19,060	
Cash and cash equivalents at the end of the year		23,452		17,290	
(1) of which for taxes and interest paid during the year		7,805		6,201	

(2) The sum of the related amounts (Euro -7,641 thousand at 31 December 2023 and Euro -10,055 thousand at 31 December 2022) represents the overall change in net liabilities deriving from financing activities. For the reconciliation with the values shown in the Balance Sheet

Explanatory Notes to the Consolidated Financial Statements of the Exprivia Group at 31 December 2023

1. GENERAL INFORMATION

The Exprivia Group is an international business group specialised in Information and Communication Technology. It uses digital technologies to steer its customers' business change drivers.

The Parent Company Exprivia SpA has its registered office in Molfetta (BA), Via Adriano Olivetti 11, 70056, Italy. The Group is controlled by Abaco Innovazione SpA, which owns 46.54% of the Parent Company Exprivia SpA.

2. LEGAL REFERENCES, PREPARATION POLICIES AND PRESENTATION

2.1 Certification of compliance with IFRS

In application of European Regulation no. 1606/2002 of 19 July 2002 and Italian Legislative Decree no. 38 of 28 February 2005, the consolidated financial statements of the Exprivia Group and the financial statements of Exprivia SpA (hereinafter also "Exprivia" or the "Company" or the "Parent Company" or the "Issuer") at 31 December 2023, were drawn up in compliance with International Accounting Standards issued by the International Accounting Standards Board ("IASB"), approved by the European Union (hereinafter referred to individually as IAS/IFRS or together as IFRS) in force at 31 December 2023. IFRS also refer to all revised international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The consolidated financial statements of Exprivia (hereinafter also the "Exprivia Group" or the "Group") and its subsidiaries were prepared based on the draft financial statements at 31 December 2023 provided by the management bodies of the consolidated companies. The consolidated financial statements were prepared under the general policy of giving an accurate and truthful presentation of the Group's financial standing, economic result and cash flows, while adopting the going-concern assumption, and the general policies of accrual basis accounting, presentation coherence, relevance and aggregation, rule against offsetting and comparability of information. The reporting period and the closing date for preparing the consolidated financial statements correspond to those of the financial statements for the Parent Company and for all the consolidated companies. The consolidated financial statements are prepared by applying the historical cost method considering, where appropriate, the value adjustments, with the exception of the financial statement items that according to the IFRS must be measured at fair value, as indicated in the measurement criteria described below. The consolidation principles and valuation criteria indicated below were applied consistently to all financial years presented, unless otherwise indicated. The consolidated financial statements are presented in thousands of Euro, which is the currency used by the Parent Company Exprivia, and all figures are rounded off to thousands of Euro, unless stated otherwise. The consolidated financial statements provide comparative information referring to the previous financial year.

The schedules in the financial statements are the following:

- For the Balance Sheet the current assets, non-current assets, current liabilities and non-current liabilities are posted separately. Current assets are those that are to be made, sold or consumed during the normal operating cycle of the Group. Current liabilities are those that are to be extinguished during the normal operating cycle of the Group or within twelve months following the end of the financial year;
- For the Income Statement, the cost and revenue items are posted according to their nature;
- For the Statement of Comprehensive Income, a separate schedule was prepared;
- For the Cash Flow Statement, the indirect method was used.

The financial statements format is the same as that adopted in the Annual Financial Report at 31 December 2022.

Adjustments to comparative data

In order to make the disclosure of data more intelligible, the presentation of the items "costs for services" and "sundry operating expenses" was changed in the comparative data of the income statement presented in accordance with IAS 1, with respect to data published in the financial statements at 31 December 2022, with no effect on the result and net equity at that date. In particular, the following were reclassified:

- from the item "costs for services" to the item “sundry operating expenses” Euro 6 thousand relating to trade associations costs.

2.2 Accounting Policies and Valuation Criteria

2.2.1 General information

The Consolidated financial statements at 31 December 2023 were drafted in accordance with art. 154-ter of Italian Legislative Decree no. 58/98, as well as the applicable Consob provisions.

The consolidated financial statements include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and these explanatory notes, in line with the requirements of IFRS.

On 11 March 2024, Exprivia's Board of Directors approved the draft consolidated financial statements and made these available to the public, according to the methods and terms set forth in the applicable legislative and regulatory provisions. These financial statements were audited by BDO Italia SpA pursuant to Italian Legislative Decree no. 39/2010 and in execution of the Shareholders' Meeting resolution of 27 April 2023.

2.2.2 Additional information on changes in accounting standards

Accounting standards, amendments and interpretations applicable from 1 January 2023

The following table shows the IFRS/Interpretations approved by the IASB and endorsed for adoption in Europe and applied for the first time to the period/financial year under review.

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Group
International tax reform - Pillar two model rules (amendments to IAS 12)	Final amendment	May-23	1-Jan-2023	IAS 12	8-Nov-2023	9-Nov-2023	1-Jan-2023
Initial application of IFRS 17 and IFRS 9 - Comparative information	Amendment	Dec-21	1-Jan-2023	IFRS 17, IFRS 9	8-Sep-2022	9-Sep-2022	1-Jan-2023
Deferred taxes relating to assets and liabilities deriving from a single transaction	Amendment	May-21	1-Jan-2023	IFRS 1, IAS 12	11-Aug-2022	12-Aug-2022	1-Jan-2023

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Group
Disclosure on accounting standards (Amendments to IAS 1 and IFRS Practice Statement 2)	Amendment	Feb-21	1-Jan-2023	Practical statement 2, IAS 1, IFRS 8, IAS 34, IAS 26, IFRS 7	2-Mar-2022	3-Mar-2022	1-Jan-2023
Definition of Accounting Estimates (Amendments to IAS 8)	Amendment	Feb-21	1-Jan-2023	IAS 8	2-Mar-2022	3-Mar-2022	1-Jan-2023
Amendments to IFRS 17	Amendment	Jun-20	1-Jan-2023	IFRS 3, IAS 36, IFRS 9, IAS 1, IAS 38, IAS 32, IFRS 17, IFRS 4, IAS 40, IAS 19, IAS 16, IFRS 15, SIC-27, IAS 36, IFRS 1, IAS 37, IAS 7, IAS 28, IFRS 5, IFRS 7	19-Nov-2021	23-Nov-2021	1-Jan-2023

International tax reform - Pillar two model rules (amendments to IAS 12)

On 23 May 2023, the IASB published the document "International tax reform - Pillar Two model rules (amendments to IAS 12)", which amends IAS 12 "Income taxes". The OECD "Global antibase erosion model rules" tax reform introduces a new two-pillar model, known as "Pillar Two", to address tax issues arising from the economy digitalisation. The model aims to limit tax competition by introducing a minimum 15% global rate in each jurisdiction in which large multinationals operate. The parent company will be required to pay any top-up tax for subsidiaries that operate in low tax jurisdictions and for which the current tax is lower than the 15% minimum threshold. The additional tax will be paid in the parent company's jurisdiction. The top-up tax is a current tax within the scope of application of IAS 12 in the consolidated financial statements of the ultimate group parent company, which, however, gives rise to several concerns in the accounting of the related deferred taxes. In this regard, with the amendment in question, the IASB has provisionally decided to amend IAS 12 by introducing:

- the temporary exception to the obligation to account for deferred taxes deriving from the implementation of the Pillar Two rules (including any qualifying national minimum supplementary tax);
- disclosure obligations.

The amendments are applicable immediately after the issue of the amendments and retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Other disclosure requirements are applicable for financial years starting on or after 1 January 2023. This information is not required for interim periods ending by December 2023.
The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues. The Group is not impacted by the Pillar Two rules that concern large multinational groups (generally with inflows exceeding Euro 750 million).

Deferred taxes related to assets and liabilities arising from a single transaction (amendments to IAS 12)

On 7 May 2021, the IASB published an amendment to international accounting standard IAS 12 entitled “Deferred tax liabilities and assets arising from a single transaction” which specifies how companies must account for deferred taxes on transactions such as leases and decommissioning obligations and aims to reduce the differences in the recognition in the financial statements of deferred tax assets and liabilities on leases and decommissioning obligations so as to improve the comparability of financial statements. The amendments apply from annual periods beginning on or after 1 January 2023.

The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Disclosure on accounting standards (amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1 “Presentation of Financial Statements” and an update of IFRS Practice Statement 2 “Making judgments on materiality” to help companies provide useful information on accounting policies.

The main amendments to IAS 1 include:

- requiring companies to disclose their relevant accounting policies rather than their significant accounting policies;
- clarifying that the accounting policies relating to transactions, other events or conditions that are not significant are themselves immaterial and as such do not require reporting;
- clarifying that not all accounting standards relating to transactions, other events or relevant conditions are themselves relevant for the financial statements of a company.

The IASB also amended IFRS Practice Statement 2 to include guidelines and two additional examples on the application of materiality to accounting policy reporting.

The amendments to IAS 1 are effective for years beginning on or after 1 January 2023, with early application permitted.

The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Definition of accounting estimates (Amendments to IAS 8)

In February 2021, the IASB issued amendments to IAS 8 to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and clarification of accounting estimates. Distinguishing between accounting standards and accounting estimates is important because changes in accounting standards are generally applied retrospectively, while changes in accounting estimates are applied prospectively. Therefore, the amendments introduce a new definition of accounting estimates, clarifying that these are monetary amounts in the financial statements subject to measurement uncertainty.

The development of an accounting estimate includes both the selection of a measurement technique (estimate or valuation technique) and the choice of inputs to be used when applying the chosen valuation technique. The effects of changes in these inputs or measurement techniques are changes in accounting estimates.

The amendments are effective for years beginning on or after 1 January 2023, with early application permitted.

The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

IFRS 17 Insurance Contracts

As of 1 January 2023, the new IFRS 17 "Insurance Contracts" came into force, replacing IFRS 4 "Insurance Contracts". The objective of the new standard is to ensure that a unit provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The accounting standard IFRS 17 "Insurance contracts" applies to all companies, not only to insurers, in fact it applies to insurance contracts issued regardless of the sector to which the issuer belongs. An insurance contract is a contract under which one of the parties (the issuer) accepts a significant insurance risk from another party (the policyholder) by agreeing to indemnify the policyholder in the event that the same suffers damages as a result of one of the specific uncertain future event (the insured event). The following exemptions from the application of IFRS 17 are envisaged: • guarantees provided to the customer by the manufacturer, trader or retailer in relation to the sale of a good or the provision of a service; • the assets and liabilities of the employer deriving from employee benefit plans and the obligations for pension benefits recognised by defined benefit pension plans; • contractual rights or obligations depending on the future use or right of use of a non-financial element (for example, certain types of license fees, royalties, variable lease payments and other potential lease payments and similar elements: see IFRS 15, IAS 38 Intangible Assets and IFRS 16 Leases); • residual value guarantees granted by the manufacturer, trader or retailer and residual value guarantees granted by the lessee, when incorporated in a lease (see IFRS 15 and IFRS 16); • financial guarantee contracts, unless the issuer has previously expressly declared that they are insurance contracts and has applied to them the accounting treatment envisaged for insurance contracts. The entity must choose whether to apply IFRS 17 or IAS 32 Financial Instruments to these financial guarantee contracts. The entity may make this choice for each individual contract, but the choice made is then irrevocable; • contingent consideration to be paid or received in a business combination transaction; • insurance contracts in which the entity is the policyholder, unless they are reinsurance contracts; • credit card contracts or similar contracts, which offer credit or payment instruments, which meet the definition of an insurance contract, if, and only if, the entity does not reflect the assessment of the insurance risk associated with the individual customer in determining the price of the contract with said customer. The following optional exemptions from the application of IFRS 17 are also envisaged: • Some contracts meet the definition of an insurance contract, although their primary objective is the provision of services at a fixed price. The entity issuing these contracts may choose to apply IFRS 15 to them instead of IFRS 17 if, and only if, specific conditions are met. The entity may make this choice for each individual contract, but the choice made is then irrevocable. The conditions are as follows: • the price set by the entity for the contract concluded with the customer does not reflect an assessment of the risk associated with that customer; • the contract envisages as consideration for the customer the provision of services, rather than payment in cash; and the insurance risk transferred by the contract derives mainly from the use of the services by the customer, rather than from the uncertainty of the cost of those services. • Some contracts fall within the definition of an insurance contract, but limit the compensation for insured events to the amount otherwise necessary to extinguish the policyholder's obligation created by the contract (e.g. loans with waiver in the event of death). The entity must choose to apply IFRS 17 or IFRS 9. The entity must make this choice for each portfolio of insurance contracts and the choice is irrevocable.

Although not formally referred to as insurance contracts, the analysis of the scope of application of IFRS 17 shows that some contracts could fall within the scope of application of the standard; however, for such contracts, the Group availed itself of the option of exemption of application. Therefore, there were no impacts from the first-time application of IFRS 17.

Accounting standards, amendments and interpretations approved but not yet applicable/not adopted in advance

Following are the accounting standards, amendments and interpretations approved by the IASB and endorsed by the European Union, whose mandatory effective date is after the financial statement date of reference:

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Group
Lease liability in a sale and leaseback Amendments to IFRS 16	Amendment	Sep-22	1-Jan-2024	IFRS 16	20-Nov-2023	21-Nov-2023	1-Jan-2024

On 22 September 2022, the IASB issued the document Lease Liability in a Sale and Leaseback, which makes amendments to IFRS 16 specifying how the lessee - seller subsequently assesses sale and leaseback transactions that meet the requirements of IFRS 15 to be recognised as a sale. As is known, a sale and lease back transaction consists of the sale of an asset by a seller and the buyback of the same asset through the stipulation of a lease. A characteristic of sale and leaseback transactions is that the sale price and the payments are usually interdependent. The fundamental problem is to define whether the transaction represents a genuine sale, where most of the risks and benefits are transferred to the purchaser, while the seller continues to use the asset and expose themselves to part (but not substantially all) of the risks and benefits, or if it is only a transaction for financial, tax or other purposes, where the risks/benefits deriving from the ownership of the asset remain, in substance, with the seller/lessee. IFRS 16 governs the issue: if the selling lessee transfers the asset to another entity (the purchasing lessor) and leases the asset back from the purchasing lessor, both the selling lessee and the purchasing lessor must recognise the transfer agreement and lease pursuant to IFRS 16.

To determine whether the transfer of the asset constitutes a sale, entities must apply the provisions for determining the time when the “obligation to act” pursuant to IFRS 15 is met; in the same way, IFRS 15 is applied to determine whether the transfer of the asset is recognised as a sale of the same asset.

A sale and a leaseback qualify as a sale if the purchasing lessor achieves control of the underlying asset.
The selling lessee measures the use asset deriving from the leaseback as the percentage of the previous book value of the asset that refers to the right of use withheld.
The gain (or loss) recognised by the seller is limited to the percentage of the total gain (or loss) that refers to the rights transferred to the purchasing lessee.
Any difference between the sale consideration and the fair value of the asset is an advance payment of the lease instalments (if the purchase price is lower than the market terms) or an additional payment (if the purchase price is higher than the market terms). The same logic applies if the lease payments are not at market rates.
The amendments are effective for years beginning on or after 1 January 2024, with early adoption permitted.
With reference to changes made to existing and upcoming accounting standards, their adoption is not expected, at this time, to have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Accounting standards, amendments and interpretations not yet approved
At the preparation date of these financial statements, the competent bodies of the European Union have not yet concluded the approval process needed for the adoption of the accounting standards, amendments and interpretations described below.

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Group
Lack of exchangeability (Amendments to IAS 21)	Final amendment	Aug-23	1-Jan-2025	IFRS 1, IAS 21			
Financial agreements with suppliers (Amendments to IAS 7 and IFRS 7)	Final amendment	May-23	1-Jan-2024	IAS 7, IFRS 7			
Non-current Liabilities with Covenants	Amendment	Oct-22	1-Jan-2024	IAS 1, Statement of Practice 2			
Classification of liabilities as current or non-current - Deferral of the date of entry into force (Amendment to IAS 1)	Amendment	Jul-20	1-Jan-2023	IAS 1			
Classification of liabilities as current or non-current (Amendments to IAS 1)	Amendment	Jan-20	1-Jan-2023	IAS 1			

On 15 August 2023, the IASB published the document “Lack of exchangeability”, which amends IAS 21 “The effects of change in foreign exchange rates”. The amendments arose following a request submitted to the IFRS Interpretations Committee (the Committee) regarding the determination of the exchange rate in the event that a currency cannot be converted into another currency, which led to differences in practice. This lack of exchangeability could occur when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. As a result, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and instead turn to unofficial parallel markets. The IASB amended IAS 21 to clarify:

- when a currency is exchangeable with another currency; and
- how a company estimates a spot rate when a currency is not exchangeable.

On 25 May 2023, the IASB published the document "Financial agreements with suppliers (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments)". These amendments occurred as a result of a request received by the IFRIC relating to the requirements for the presentation of liabilities and related cash flows deriving from supplier finance arrangements (or "reverse factoring") and related additional information. The amendments introduce some specific disclosure requirements for supplier finance arrangements, and also provide guidance on the characteristics of these arrangements. The amendments are effective for annual reference periods beginning on or after 1 January 2024, with authorisation for early application.
On 23 May 2023, the IASB published the document "International tax reform - Pillar Two model rules (amendments to IAS 12)", which amends IAS 12 "Income taxes". The OECD "Global antibase erosion model rules" tax reform introduces a new two-pillar model, known as "Pillar Two", to address tax issues arising from

the economy digitalisation. The model aims to limit tax competition by introducing a minimum 15% global rate in each jurisdiction in which large multinationals operate. The parent company will be required to pay any top-up tax for subsidiaries that operate in low tax jurisdictions and for which the current tax is lower than the 15% minimum threshold. The additional tax will be paid in the parent company's jurisdiction. The top-up tax is a current tax within the scope of application of IAS 12 in the consolidated financial statements of the ultimate group parent company, which, however, gives rise to several concerns in the accounting of the related deferred taxes. In this regard, with the amendment in question, the IASB has provisionally decided to amend IAS 12 by introducing:

- the temporary exception to the obligation to account for deferred taxes deriving from the implementation of the Pillar Two rules (including any qualifying national minimum supplementary tax);
- disclosure obligations.

The amendments are applicable immediately after the issue of the amendments and retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Other disclosure requirements are applicable for financial years starting on or after 1 January 2023. This information is not required for interim periods ending by December 2023.

On 31 October 2022, the IASB issued amendments to IAS 1 "Presentation of Financial Statements", which aim to improve the information provided by companies on long-term debt with covenants. IAS 1 requires a company to classify a liability as non-current only if the company has a right to defer settlement of the liability for at least 12 months after the reporting date. However, such a right is often subject to the company complying with covenants. For example, a company could have a long-term debt that could become repayable within 12 months if the company does not meet the covenants in that 12-month period. The amendments to IAS 1 specify that the covenants to be observed after the reporting date do not affect the classification of the liability as current or non-current at the reporting date. Instead, the amendments require a company to provide information on these covenants in the notes to the financial statements. The amendments are effective for years beginning on or after 1 January 2024, with early adoption permitted.

On 23 January 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements - Classification of liabilities as current or non current" aimed at providing clarifications on the classification of liabilities as current and non-current. In particular, the document states that a liability should be classified as current or non-current based on the rights existing at the balance sheet date. In addition, it establishes that the classification is not impacted by the entity's expectation to exercise its rights to defer the settlement of the liability. Finally, it is clarified that this regulation refers to the transfer to the counterparty of cash, equity instruments, other assets or services. As a result of the deferral defined with the amendments made on 15 July 2020, these amendments shall enter into force on or after 1 January 2023.
The standards and interpretations detailed above are not expected to have any material impact on the valuation of the Group's assets, liabilities, costs and revenues upon adoption.

2.2.3 Consolidation Criteria

The consolidated financial statements include the financial statements of the Parent Company Exprivia and its subsidiaries, directly or indirectly.

In this regard, an investor controls an investee company when it is exposed to, or has the right to participate in, the variability of the economic returns of the company and is able to influence these returns through the exercise of its decision-making power thereon. Decision-making power exists in the presence of rights that give the parent company the actual ability to direct the relevant activities of the investee, i.e. the activities most likely to affect the economic returns of the investee.

Subsidiaries are consolidated line-by-line in consolidated accounts starting from the date in which control is established and until the Group no longer holds such control. The carrying amount of the interests in subsidiaries is eliminated from the accounts against the related shareholders' equity for the year, not including the profit or loss for the year. The share of shareholders' equity and profit or loss pertaining to minority interests is reported under the item "Minority interest" in the Balance Sheet and under the item

"Minority interest" in the Income Statement and the Statement of comprehensive income. The profit (loss) for the year and each of the other comprehensive income are attributed to the shareholders of the parent company and to minority interest. The result of the Income Statement and the Statement of comprehensive income for a subsidiary is attributed to minorities also when this means minority interests have a negative balance. The attribution of profits and losses is carried out in accordance with the provisions of IFRS 10 par. 94 and 95, therefore taking into account the forecasts of waterfalls, where present. Profits arising from transactions between consolidated companies and not yet realised with respect to third parties are eliminated in the same way as receivables, payables, income, charges, guarantees, commitments and risks between consolidated companies. The loss of control determines the recognition in the income statement: (i) of any capital gain/loss calculated as the difference between the consideration received and the corresponding consolidated net assets sold; (ii) the effect of the alignment to the related fair value of any residual investment retained; (iii) any values recognised in the other components of comprehensive income relating to the former subsidiary for which the reversal to the income statement is required. The value of any equity investment retained, aligned with the related fair value at the date of loss of control, represents the new carrying amount of the equity investment and therefore the reference value for the subsequent valuation of the equity investment according to the applicable valuation criteria.

Interests in associated companies are valued with the equity method. An entity is considered associated when the Group is able to participate in defining its operational and financial policies even if it is not controlled or subject to joint control. According to the equity method, interests in an associate is recognised in the balance sheet at purchase cost and adjusted, up or down, by the variations in the associate's net assets for the amount pertaining to the Group. Goodwill pertaining to the associate is included in the carrying amount of the interest, and it is not subject to amortisation. Transactions generating internal earnings between the Group and associated companies are eliminated by the percentage of Group ownership. Adjustments are made to the financial statements of companies valued with the equity method in order to make them compliant with the valuation policies adopted by the Group. All balances and transactions between consolidated entities, including profit not yet realised, are eliminated. Losses deriving from inter-company transactions and not yet realised are eliminated with the exception of cases where there is impairment of transferred assets. Third party profits and losses not yet realised and deriving from transactions with associated companies or joint ventures are eliminated in the amount pertaining to the Group. Transactions concerning acquisitions and disposal of minority interests in consolidated subsidiaries are considered transactions with shareholders and therefore their effects are reported under shareholders' equity.

Consolidation of Foreign Companies

All assets and liabilities of foreign companies in currency other than the Euro and that fall within the scope of consolidation are converted using the exchange rate at the reporting date. Income and expenses are converted at the average exchange rate. The exchange differences arising from the application of this method are classified under shareholders' equity until disposal of the investment. In preparing the consolidated financial statements the average exchange rates were used to convert foreign subsidiary cash flows.

Goodwill and fair value adjustments generated by the acquisition of a foreign entity are recorded in the relevant currency and are converted using the exchange rate effective at the end of the accounting period.

The primary exchange rates used for conversion into Euro of the financial statements of foreign companies at 31 December 2023 were as follows:

FOREIGN CURRENCY	Average for the 12 months at 31 December 2023	At 31 December 2023
Brazilian Real	5,483	5.279
US dollar	1.081	1.087
Hong Kong dollar	8.475	8.516
Renminbi -Yuan (China)	7.490	7.898
Mexican peso	19.655	18.561

2.2.4 Business Combinations

Business combinations are recognised according to the purchase accounting method pursuant to IFRS 3. According to this method, the cost of a business combination is measured at fair value, calculated as the sum of the fair value of assets transferred and liabilities assumed by the Group at the date of acquisition and the equity instruments issued to the seller in exchange for control over the acquired entity. Acquisition-related costs for the transaction are recognised in the income statement when incurred.

The cost of a business combination is compared to the fair value of identifiable assets, liabilities and contingent liabilities on purchase. Any positive difference between the purchase cost and the amount pertaining to the group of the fair value of identifiable assets, liabilities and contingent liabilities on purchase is recognised as goodwill. If the difference is negative, it is charged directly to the Income Statement. If only a temporary initial carrying amount of a business combination can be determined, the initial value adjustments are carried within twelve months of the date of acquisition of control. Amounts pertaining to minority shareholders are carried according to the fair value of the net assets purchased. If a business combination is made over several phases with subsequent purchases of shares each phase is valued separately using the cost and information on fair value of assets, liabilities and contingent liabilities at the date of each transaction to determine the amount of any difference. When a subsequent purchase results in obtaining control of an entity the amount previously held is represented according to the fair value of identifiable assets, liabilities and contingent liabilities determined at the date control is achieved. Any contingent consideration is recognised by the buyer at fair value on the date of acquisition.

At the acquisition date, goodwill is recognised by measuring it as the excess of (a) over (b), as described below:

a) the sum of: i) the consideration transferred valued in compliance with IFRS 3 which in general requires fair value at the acquisition date; ii) the amount of any minority interests held in the acquired company valued in compliance with IFRS 3; and iii) in a business combination carried out in multiple phases, the fair value at the acquisition date of the interests in the acquired company previously held by the buyer;

b) the net value of the amounts, at the acquisition date, of the identifiable assets acquired and the identifiable liabilities assumed, valued in compliance with IFRS 3.

For each business combination, the components of minority interests in the acquired company which represent shareholdings and give holders the right to a proportional share of the entity's net assets in the case of liquidation are measured at the acquisition date at a value equal to:

(a) the fair value; (b) the proportional share of recognised amounts of the identifiable net assets of the acquired company to which current participatory instruments give the right.

All of the other components of minority interests are valued at their respective fair values at the acquisition date, unless IFRS requires a different measurement approach.

The option to purchase a part of minority interests or the option to sell minority interests is taken into consideration when determining whether control has been acquired. Moreover, in case of control, the shares on minorities for which there is an obligation for Exprivia to buy and for the counterparty an obligation to sell are considered financial liabilities as reported by IAS 32 with a reduction of the shareholders' equity of third parties.

2.2.5 Accounting estimates used in preparing the financial statements

Preparation of the financial statements in accordance with applicable accounting standards required the use of accounting estimates and assumptions based on complex and/or subjective assessments, on historical experience and on other factors that are deemed reasonable with respect to the circumstances and knowledge available at the reporting date. The use of these accounting estimates affects the carrying amount of assets and liabilities and the disclosure on contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs over the reference period; the actual results may differ from those estimated due to the uncertainty that characterises the assumptions made and the conditions on which the estimates are based. Estimates and associated assumptions are revised on an ongoing basis. The effects of revised estimates are recognised in the income statement for the period in which the estimates are revised. Changes in the conditions underlying the judgements, assumptions and estimates adopted may have a significant impact on subsequent results. Critical accounting estimates in the financial reporting process, which involve a high degree of subjective judgement and assumptions mainly concern: amounts allocated to bad debt provisions, made according to the expected sale value of related assets; amounts allocated to provisions for risks, made according to the reasonable estimate of the amount of the contingent liability, also with respect to any demands from the counterparty; amounts allocated for employee benefits, recognised according to actuarial valuations; depreciation/amortisation of tangible and intangible assets, recognised according to their remaining useful life and their recoverable amount; income taxes, determined according to the best estimate of the rate expected for the entire financial year; and development costs, which are initially capitalised based on the technical and financial feasibility of the project (future cash flow projections are made for each project). The verification of the existence of control and/or of the possible loss of control requires the exercise of a complex professional judgement by the Company Management that considers the characteristics of the corporate structure, the agreements between the parties, as well as any other fact and circumstance that may be relevant for the purposes of said verification.

It should also be noted that certain valuation processes, in particular the more complex ones such as the determination of any impairment of non-current assets, are generally only fully carried out upon drafting the annual financial statements, when all the necessary information is available, except in cases in which there are indicators of impairment which call for an immediate impairment test.

2.2.6 Causes of uncertainty and other factors that may affect expected results

Conflict between Russia and Ukraine and possible impacts on business continuity

In accordance with the provisions of the "Public statement on the implications of the Russian invasion of Ukraine for half-yearly financial reports", published by ESMA on 13 May 2022 and referred to in the "Public statement on common supervisory priorities in Europe for the 2022 annual reports", published by ESMA on 28 October 2022, the Group took into account the implications of the conflict in formulating judgements relating to the going concern, the ability to exercise control, joint control or significant influence and in assessing the classification as a going concern held for sale or as a discontinued operation.
Although the Group cannot remain exempt from indirect effects deriving from the conflict, it is not exposed to direct effects that may have an impact on the business as a going concern and on the significant estimates and judgements used in the preparation of the financial statements.

Macroeconomic context and possible impacts on the business as a going concern

In accordance with the provisions of the "Public statement on common supervisory priorities in Europe for the 2022 annual reports", published by ESMA on 28 October 2022, the Group has taken into account the implications of the current macroeconomic context, including the effects of the increase in interest rates, inflation and the COVID-19 pandemic, in making judgements relating to business continuity and in the estimates and significant judgements used in the preparation of the financial statements.
In relation to the increase in interest rates, please refer to the information on financial risks in the specific section of the Report on Operations. With regard to inflation, see the paragraph "Risk related to the macroeconomic context".
It should be noted that there are no significant impacts deriving from the current macroeconomic context. With particular reference to the residual effects of the COVID-19 pandemic, the Group operated in compliance with the regulations, reacting with extreme promptness in keeping almost all of its workforce in smart working on the one hand, and continuing to provide services for its customers and protecting its employees on the other. As of today, and therefore with more than two years of experience in relation to the effects of the pandemic, we can state that the ICT market in which the Group operates not only did not suffer particularly from the pandemic situation but, in some cases, it was a catalyst for new commercial opportunities.

Climate change and any impacts on significant judgements and uncertainty in estimates

Global climate change is causing, and is expected to continue to cause, natural disasters and extreme weather phenomena with greater frequency or intensity. These extreme events are leading to changes in market dynamics, stakeholder expectations, local, national and international policies and regulations on climate change.
Although the effects of climate-related issues are not material for the sector in which the Group operates, as these regulatory and technological developments evolve, the Group's strategies, operations and business plans could change and the recoverability of the Group's activities could be impacted. In compliance with the provisions of the "Public statement on common supervisory priorities in Europe for the 2023 annual reports", published by ESMA on 25 October 2023, the Group assessed the impacts of climate-related issues with particular reference to any impacts on the useful life of property, plant and equipment and on cash flows projections underlying the impairment test of non-financial assets. From the assessments carried out, there are no significant impacts to date on the group's business.

2.2.7 Relevant accounting policies and valuation criteria

The accounting standards adopted for drawing up the consolidated financial statements are the same as those adopted for drawing up the consolidated financial statements of the Group for the financial year which closed at 31 December 2022, except as previously indicated in relation to accounting standards, amendments and integrations applicable from 1 January 2023.

The financial statements were prepared in accordance with IFRS. IFRS is intended as the International Accounting Standards (IAS) now in force, as well as all the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") formerly called the Standing Interpretations Committee ("SIC"), and in accordance with the regulatory provisions issued to implement art. 9 of Italian Legislative Decree no. 38/2005 (CONSOB Resolution no. 15519 of 27 July 2006 providing the "Rules for financial statement schedules", CONSOB Resolution no. 15520 of 27 July 2006 providing the "Changes and amendments to the Issuers' Regulation adopted under Resolution no. 11971/99", CONSOB notice no. 6064293 of 28 July 2006 providing rules for "Company disclosure pursuant to art. 114, paragraph 5, Italian Legislative Decree no. 58/98").

2.2.7.1 - Property, plant and machinery

Property, plant and machinery are recognised at the cost of acquisition or production. The cost of acquisition or production is the price paid to acquire or build the asset and any other cost incurred to prepare the asset for use. The price paid to acquire or produce the asset is the cash price equivalent at the time of accounting; therefore, if payment is deferred beyond normal credit extension terms, the difference with respect to the equivalent cash price is recorded as interest for the extension period. The financial charges incurred for the acquisition or production of the asset are never capitalised. The capitalisation of costs relating to the expansion, modernisation or improvement of leased assets is done only in so far as they satisfy the requirements for being separately classified as an asset or part of an asset.

After initial recognition, plant, machinery and other assets are entered at cost, net of accumulated depreciation and any impairment. The depreciated value of each significant component of a property, plant and equipment, with a different useful life, is depreciated by the straight-line method over the expected period of use. Considering the homogeneity of the assets included in the individual categories of the financial statements, it is assumed that the useful life by category of assets is the following (with the exception of certain significant cases):

Land	indefinite useful life
Buildings	33 years
Plant and Machinery	4 - 10 years
Industrial and commercial equipment	4 years
Other assets	4 - 10 years

Land, including pertaining to buildings, is accounted for separately and not depreciated as it is a component with indefinite useful life.

The depreciation criteria used, the useful life and residual value are reviewed at the end of each accounting period and, if necessary, redefined to take into account any significant changes.

Owned industrial buildings are carried at a value periodically reassessed at market value less depreciation and impairment (revaluation model). As set forth by IAS 16, the Group measures fair value and then remeasures it only when there is a significant difference with respect to the carrying amount. Assets consisting of the right to use industrial buildings are valued by applying the cost model.

Costs that can be capitalised for improvements to leased assets are attributed to the classes of fixed assets to which they refer and depreciated for the shorter time between the remaining period on the lease agreement and the remaining useful life of the asset to which the improvement was made.

The carrying amount of property, plant and machinery is maintained in the financial statements to the extent that such value can be recovered through use. If significant factors are noticed, which include the likelihood of recovering the net carrying amount, an impairment test is performed to determine any loss of value. A reversal is applied if the conditions at the basis of the impairment no longer apply.

2.2.7.2 Goodwill

Goodwill is recognised based on the acquisition method in accordance with IFRS 3, as described in the section on business combinations, and is not amortised but is subject to impairment tests at least once a year. To this end these values are allocated to one or more cash generating units starting on the acquisition date or within 12 months.

If goodwill was allocated to a cash generating unit and the entity disposes of an asset that belongs to that unit then the goodwill associated to the asset is included in the carrying amount of the asset when determining the gain or loss from the disposal. This amount is determined according to the values of the assets disposed of and the part kept.

2.2.7.3 Other intangible assets

Other intangible assets, which include development costs, patent rights and use of intellectual property, concessions, licenses, trademarks and similar rights and software, are recognised as assets only if all the conditions laid down in IAS 38 are met (cost can be measured reliably, as well as the technical feasibility of product, the asset can be identified or separated, the Group controls the asset, or it has the power to receive its future economic benefits, expected volume and price indicate that the costs incurred during development will generate future economic benefits) and valued at cost minus accumulated amortisation, determined on a straight-line basis over the period of expected use, on average, except for specific cases, of 3-5 years, and any impairment. The amortisation criteria used, the useful life and residual value are reviewed at the end of each accounting period and, if necessary, redefined to take into account any significant changes.

Costs for development projects are capitalised under the item "costs for capitalised internal projects" only when the development phase has ended and the product developed begins to generate economic benefit. They are subject to amortisation. During the period in which costs are incurred for capitalised internal development projects they are floated in the Income Statement as increases in fixed assets for internal work and classed under "costs for capitalised internal projects".

2.2.7.4 Equity investments in other companies and associated companies

Equity investments in other companies are measured at FVOCI.

The equity investments in companies in which the Group has significant influence (referred to below as associated companies), which is expected to exist when the shareholding is between 20% and 50%, are accounted for with the equity method, except when it is evident that the application of that valuation method does not influence the Group's equity, financial and economic position. In these cases, the equity investment is valued at cost. The methodology for the application of the equity method is described below:

- the carrying amount of the equity investments is aligned with the shareholders' equity of the investee company adjusted, when necessary, to reflect the application of accounting standards compliant with those applied by the Parent Company and includes, when applicable, the recognition of any goodwill identified at the time of acquisition;
- the profit or loss attributable to the Group is accounted for in the consolidated income statement from the date on which significant influence started and until the date on which it stops. If due to losses the company has a negative shareholders' equity, the carrying amount of the equity investment is cancelled and any excess belonging to the Group is recognised in a dedicated provision, only if the Group has committed to fulfilling legal or implicit obligations of the associate or in any event to covering its losses. The changes in shareholders' equity of the associate companies not resulting from the profit or loss are accounted for as a direct adjustment of the reserves;
- unrealised gains and losses generated on transactions carried out between the Parent Company/Subsidiaries and Associated Companies are eliminated based on the value of the Group's shareholding in the investee companies. Unrealised losses are eliminated unless they are representative of impairment losses.

2.2.7.5 Leases

On the date when the leased assets covered by the contract are available for use by the Group, the leases are accounted for as rights of use under non-current assets with a balancing entry of a financial liability.

The cost of the fee is broken down into its components of financial charge, recognised in the income statement during the term of the contract, and repayment of the principal, recorded as a reduction of the financial liability. The right of use is amortised on a monthly basis on a straight-line basis over the shorter between the useful life of the asset and the duration of the contract.

Rights of use and financial liabilities are initially measured at the present value of future payments.

The Company does not recognise the right-of-use assets separately in the balance sheet but includes them in the same line item in which the corresponding right-of-use assets would be recognised if they were owned (item "Property, plant and machinery").

The current value of financial liabilities for lease contracts includes the following payments:

- fixed payments;
- variable payments based on an index or a rate;
- exercise price of a redemption option, if the exercise of the option is considered reasonably certain;
- payment of penalties to terminate the contract, if the exercise of the option to terminate the contract is considered reasonably certain;
- optional payments subsequent to the non-cancellable period, if the extension of the contract beyond the non-cancellable period is considered reasonably certain.

Future payments are discounted using the incremental borrowing rate. This rate consists of the risk-free rate of the country in which the contract is negotiated and is based on the duration of the contract. It is then adjusted based on the Group's credit spread and the local credit spread.

Rights of use are measured at cost, which is composed of the following elements:

- initial amount of the financial liability;
- payments made before the start of the contract net of lease incentives received;
- directly attributable accessory charges;
- estimated costs for dismantling or restoration.

The lease payments associated with the following types of lease contracts are recognised in the income statement on a straight-line basis for the duration of the respective contracts:

- contracts for which the underlying asset is a low-value asset;
- contracts for which the payment for the right of use of the underlying asset varies according to changes in facts or circumstances (not related to sales trends), not foreseeable at the initial date.

Low-value contracts mainly relate to the following categories of assets:

- computers, phones and tablets;
- office and multifunction printers;
- other electronic devices.

2.2.7.6 Government grants

Government grants are reported in the presence of a formal resolution and are accounted for as income in the financial year when related costs are incurred.

Grants received against specific assets whose value is carried under fixed assets are entered in the income statement in relation to the period of amortisation/depreciation for the assets to which they refer.

Advances received for terminated projects, for which a closing report has yet to be issued, have been classified as deductions from receivables. For ongoing projects, advances remain accounted for under liabilities.

2.2.7.7 Impairment of property, plant and machinery, goodwill, other intangible assets, investments

Impairment occurs every time the carrying amount of an asset is greater than its recoverable amount. The existence of any indicators suggesting impairment is checked at every reporting date. If those indicators are found, the recoverable amount of the asset is estimated (impairment test) and a write-down is recognised where necessary. The impairment loss was allocated first to the carrying amount of goodwill and the remainder to the other assets in proportion to the carrying amount of each of them, whichever is higher between fair value less selling costs (if determinable), value in use (if determinable) and nil. Regardless of the existence of the indicators, an impairment test is carried out at least once a year for the assets not yet available for use and for goodwill.

The recoverable amount of an asset is the greater between its fair value, net of sale costs, and its value in use. The recoverable amount is calculated with reference to a single asset, unless it is unable to generate incoming cash flow from continued use notably independent of the incoming cash flows generated by other assets or groups of assets, in which case the test is carried out for the smallest unit generating independent flows which includes the asset in question (Cash Generating Unit).

When the write-down has no reason to be maintained, the carrying amount of the asset (or cash generating unit), except for goodwill, is increased to the new value obtained from its estimated recovery value, in any case not over the net carrying amount that the assets would have had if the write-down due to impairment had not been made. The restored value is charged to the income statement, unless the asset is measured at the re-valued figure; in this case the recovered value is posted under the revaluation reserve.

2.2.7.8 Financial assets (excluding derivative instruments)

The Group's financial assets are classified on the basis of the business model adopted for their management and the characteristics of the relative cash flows.

a) Financial assets at amortised cost

Financial assets are classified in this category when the following requirements are met: (i) the asset is held within a business model the objective of which is to hold the asset to collect its contractual cash flows; and (ii) the contractual terms of the asset call for cash flows represented solely by payments of principal and interest on the amount of principal outstanding. These are primarily trade receivables, financial assets and other assets.

The trade receivables that do not contain a significant financial component are recognised at the price defined for the relative transaction (determined in accordance with the provisions of IFRS 15 Revenue from contracts with customers).

The valuation policy applied following initial recognition is the amortised cost using the effective interest rate method. Long-term loans without an interest rate are accounted for by discounting future cash flows at the market rate if the increase in amounts is due to the passing of time. Amounts for interest are then carried in the income statement under the item "Financial income (charges) and other investments".

With reference to the impairment model, the Group values its receivables by identifying expected losses.

For trade receivables, the Group adopts a simplified valuation approach which does not require the recognition of periodic changes in credit risk, but rather the recognition of an expected credit loss (ECL) calculated on the entire life of the credit ("lifetime ECL").

In particular, the policy adopted by the Group calls for a matrix-type approach based on the following steps:

- historical analysis of losses on trade receivables;
- definition of appropriate customer groupings based on the characteristics of credit risk highlighted by the historical analysis;
- determination of the historical rate of loss by customer grouping on the basis of the losses recognised in relation to the amount of receivables in the reference period or in relation to the overdue brackets if the relative information is available without excessive effort;
- any adjustment of the historical rate of loss based on current and forecast information (changes in the economic, regulatory and technological context, industry outlooks, etc.).

If there is no reasonable expectation of recovery, trade receivables are written off.

With reference to non-current financial receivables, the Group adopts the general approach for valuation, which requires the verification of any increase in credit risk at each reporting date.

The write-downs recognised pursuant to IFRS 9 are posted to the income statement net of any positive effects linked to releases or restorations of value and are represented under costs.

b) Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets are classified in this category when the following requirements are met: (i) the asset is held within a business model the objective of which is achieved by collecting the contractual cash flows and by selling the asset; and (ii) the contractual terms of the asset call for cash flows represented solely by payments of principal and interest on the amount of principal outstanding.

These assets are initially recognised in the financial statements at fair value plus any accessory costs directly attributable to the transactions that generated them. On subsequent measurement, the valuation carried out upon recognition is updated and any changes in fair value are recognised in the statement of comprehensive income. Please refer to what is described in point a) above with regard to the impairment model.

c) Financial assets at fair value through profit or loss ("FVPL")

This category includes financial assets that are not classified in either of the previous categories (i.e., residual category). These are primarily derivative instruments that do not meet requirements for hedge accounting.

The assets belonging to this category are recognised at fair value upon initial recognition. The accessory costs incurred on recognition of the assets are charged immediately to the income statement. On subsequent measurement, FVPL financial assets are valued at fair value.

Gains and losses deriving from changes in fair value are accounted for in the income statement in the period in which they are identified, in the item "Profit (Loss) from assets at fair value". Purchases and sales of financial assets are accounted for at the settlement date.

Financial assets are derecognised when the relative contractual rights expire, or when all risks and rewards of ownership of the financial asset are transferred.

2.2.7.9 Financial liabilities (excluding derivative instruments)

Financial liabilities include financial payables, trade payables and other payables.

Payables to banks and other lenders are initially recognised at fair value net of directly attributable transaction costs and subsequently measured at amortised cost, applying the effective interest rate approach. If there is a change in expected cash flows, the value of the liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal rate of return initially determined.

Lease payables are initially measured at the current value of future payments.

Trade payables are obligations to pay against goods or services acquired from suppliers within the scope of ordinary business activities. Payables to suppliers are classified as current liabilities if payment will take place within one year of the reporting date. Otherwise, those payables are classified as non-current liabilities. Trade payables and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or fulfilled.

2.2.7.10 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset in the balance sheet when there is a currently exercisable legal right to the offsetting and there is an intention to settle the relationship on a net basis (i.e. to realise the asset and settle the liability simultaneously).

2.2.7.11 Inventories

Inventories are recognised at the lesser value between the purchase price, determined in accordance with the specific cost, and the net sales price. The cost is the fair value of the price paid and any other cost directly attributable with the exception of financial charges. The net sales value is the estimated sales price net of costs for completion and sales. Any write-downs are eliminated in subsequent financial years if the reasons for the write-down no longer apply.

Inventories of replaceable goods relating to raw materials, consumables and goods, as well as finished products and goods for resale, are determined using the FIFO method.

2.2.7.12 Work in progress contracts

Work in progress is recognised according to the state of progress or percentage of completion so that costs, revenues and margin are carried according to the state of progress determined by referring to the ratio between costs incurred at the date of valuation and total expected cost. The valuation reflects the best estimate of programmes carried out at the reporting date. The estimates are updated periodically. Any economic effects are accounted for in the financial year in which the updates are made. If completed contract work is expected to result in a loss, this is recognised entirely in the financial year in which it is reasonably forecast based on the provisions stated in IAS 37 "Provisions, contingent liabilities and contingent assets". Work in progress contracts are carried without including any write-down provisions as well as payments on account and advances for the contract in progress. Whenever the difference is positive for work in progress higher than the amount of advance payments then it is classified under assets in the item in question. Whenever this difference is negative the amount is classified under liabilities in the item "advance payment on work in progress contracts". Contract revenues include: contractually agreed fees as well as other variable elements (work changes, price revisions, incentives, claims and penalties). The variable components of the contract revenues are estimated at the expected value or to the extent of the most probable amount. In addition, variable considerations are recognised only to the extent that it is considered highly probable that when the uncertainty associated with the related valuation is subsequently resolved, there will be no significant downward adjustment of the amount of revenues recognised. Costs include: all costs that refer directly to the contract, costs that are attributable to the contract activity in general and that can be allocated to the contract, in addition to any other cost that can be specifically charged to the customer under the terms of the contract.

2.2.7.13 Cash and cash equivalents

Cash and cash equivalents consists of short-term investments (generally not exceeding three months), easily convertible into known amounts of cash and subject to an insignificant risk of changes in value. They are carried at fair value.

For the purpose of the cash flow statement, cash and cash equivalents are made up of cash, demand deposits at banks, short-term, highly liquid financial assets (original maturity not exceeding three months). Current account overdrafts are carried under current financial liabilities.

2.2.7.14 Treasury shares

Treasury shares are reported in reduction of share capital. No profit (loss) is recognised in the Income statement for the acquisition, sale, issue or cancellation of treasury shares.

2.2.7.15 Employee benefits

Short-term benefits

Short-term benefits for employees are accounted for in the income statement in the period in which the work was performed.

Defined benefit plans

The Group grants its employees benefits under the Employee Severance Indemnity (TFR). The employee severance indemnity accrued at 31 December 2006 is considered a defined benefit to be accounted for in accordance with IAS 19. These benefits fall under the definition: defined benefit plan determined in existence and amount but uncertain in when payable.

The total amount of the obligation is calculated on a yearly basis by an external actuary using the Projected Unit Credit Method. Actuarial gains and losses are fully accounted for in the related financial year.

Recognition of the changes in actuarial gains/losses is carried amongst the statement of comprehensive income components.

Defined contribution plans

The Group takes part in public or private pension plans with defined contributions on a mandatory, contractual or voluntary basis. Payment of the contributions fulfils the Group's obligation towards its employees. Thus, such contributions form an expense for the period in which they are due.

The employee severance indemnity accrued after 31 December 2006 is considered a defined contribution obligation.

2.2.7.16 Share-based payments - Stock grant

The Group recognises incentives consisting of plans for participation in the share capital ("stock grants") to some subjects who cover key positions within the Group. The stock grant plans are equity settled, and make it possible to receive shares of the Holding Company free of charge at the end of the vesting period.

As set forth in IFRS 2, equity settled stock grant plans are measured at fair value through profit or loss under staff costs throughout the period between the assignment date and the vesting date and an equity reserve is recognised as an offsetting entry. The fair value of the stock grant is determined at the assignment date, reflecting the market conditions existing at the date in question.

At each reporting date, the Group reviews the assumptions regarding the number of stock grants expected to vest and recognises the effects of any change in the estimate in the income statement, adjusting the corresponding equity reserve.

2.2.7.17 Contingent assets and liabilities

Contingent assets and liabilities of an unlikely (but possible) or remote nature are not recognised in the financial statements; nevertheless, adequate reporting is provided concerning possible contingent assets and liabilities.

Whenever there is any financial disbursement relating to the obligation, and it occurs after the normal payment terms and the effect of discounting back is significant, the amount set aside corresponds to the current value of future payments expected to cancel the obligation.

2.2.7.18 Provisions for risks and charges

Provisions for risks and charges are probable liabilities of an uncertain amount and/or due date deriving from past events whose fulfilment will entail the use of economic resources. The amounts are only set aside if there is a current, legal or contractual obligation which makes the use of economic resources necessary, provided a reliable estimate of the obligation can be made. The amount recognised is the best estimate of the expense to fulfil the obligation at the reporting date. Provisions set aside are reviewed at every reporting date and adjusted to ensure they are the best current estimate.

2.2.7.19 Derivative instruments

The Group has chosen to continue applying the provisions contained in IAS 39 with regard to hedge accounting.

Derivative contracts were recognised according to the designation the derivative instruments (speculative or hedging) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For contracts designated as speculative, any changes in fair value are directly recognised in the income statement.

In hedging contracts, Fair Value Hedge is accounted for by recognising any changes in the fair value of the hedging instrument and the instrument hedged.

If it is identified as Cash Flow Hedge, it is accounted for by floating the fair value portion of change of the hedging instrument, which is recognised as effective cover in the shareholders' equity, and charging the ineffective portion to the Income statement. The changes recognised directly under shareholders' equity are released in the income statement in the same reporting period or periods in which the asset or liability hedged influences the income statement.

2.2.7.20 Asset transfers

The assets transferred by way of non-recourse factoring transactions, which comply with the requirements established by IFRS 9, are derecognised from the balance sheet.

2.2.7.21 Revenues

The recognition of revenues is based on the following 5 steps: (i) identification of the contract with the customer; (ii) identification of the separate performance obligations (i.e., contractual promises to transfer goods and/or services to a customer); (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified based on the stand-alone selling price of each good or service; and (v) recognition of revenues when the relative performance obligation is satisfied.

The revenues were allocated amongst the different performance obligations based on "stand-alone selling prices" and related performance obligations.

When the price established in the contract for the individual good or service does not represent the stand-alone selling price, the latter is determined from the market if directly observable or is estimated using the expected cost plus margin method when not observable on the market. For a good or service whose price applied by the company is highly variable or for which a price is not set because it is never sold separately, the stand-alone selling price is calculated as the difference between the total price minus the sum of the observable stand-alone selling prices of other goods and services.

The Group's obligations to transfer to the customer goods or services for which it received consideration therefrom or for which the amount of the consideration is due, are shown under the liability item "Advance payments on work in progress contracts" for the assets recognised in "Work in progress contracts" and in the item "Other current liabilities" in other cases.

The Group includes in the transaction price all or part of the amount of the variable consideration only to the extent that it is highly probable that when the uncertainty associated with the variable consideration estimated under the expected value or most probable value method is subsequently resolved, there will not be a significant downward adjustment to the amount of cumulative recognised revenues. Therefore, the penalties requested by customers in accordance with contractual provisions are deducted from the consideration of the order when the degree of risk related to them is probable or possible.

Below is a description of the nature and methods for recognising revenues by category of goods and services provided by the Group.

Projects and services

The category in question includes IT services, support services and entire projects for software and/or complex IT system development. With reference to this category, control of the service is transferred to the customer over time, and therefore the Group meets the performance obligation and recognises revenues over time by evaluating the progress of activities with the method that best reflects what was done to transfer control over the promised goods or services to the customer, which is substantially dependent on the way the service is provided.

The methods used to evaluate progress are:

- Time based method for services provided in stand-ready mode, services which consist of providing to the customer an assistance structure which intervenes when and if requested, typically application monitoring, remote assistance and/or network services for applications, training and application instruction, adaptation and corrective maintenance.

- Cost to cost for projects and services provided on a lump-sum basis, services and projects carried out on customer specifications that may include various components that are highly integrated and customised based on customer needs and represent input for the fulfilment of the overall obligation specified by the customer.
- Unit/Hours worked for advisory and support services at tariff rates; these are activities for which the benefit transferred to the customer is measured based on the hours or units worked and the agreed rate.

This category also includes on a residual basis projects and services for which the Group acts in its capacity as agent, without the primary responsibility for fulfilling the obligation.

Maintenance

This category includes maintenance and assistance services on third-party hardware and software and on proprietary software. The service is provided by activating the manufacturers' maintenance service and is managed by the company, which has primary responsibility for it or, with respect to proprietary software, consists of adaptation and corrective maintenance activities, releasing unspecified software updates and providing user support.

The service is provided in stand-ready mode or with constant effort. Revenues are recognised over time with the time based method.

Third-party hardware and software

This category includes revenues for sales of hardware and software acquired from third parties when they represent a distinct obligation, i.e., when they are not closely integrated, interrelated or dependant on other goods and services promised in the contract. The revenues are recognised at a point in time at the moment of delivery and/or installation.

Proprietary licences

This category includes revenues for sales of user licences on proprietary software generally granted as usage rights and for an unlimited period of time.

When the offer scheme does not include installation and configuration services, the revenues are recognised at a point in time when the access code required for use is provided to the customer.

When the offer scheme includes installation and configuration services, the obligation is considered distinct only if the services are not significant and/or do not entail considerable customisation activities and/or integration with other systems used by the customer; the revenues are recognised at a point in time after installation is complete.

In certain cases, proprietary licences are granted under an access right scheme for a limited period of time. In these cases, the customer is provided with a continuous service consisting of access to intellectual property and the revenues are accounted for over time with the time based method.

System Integration

This category includes revenues relating to the provision of services for the design, development and installation of solutions for integrated network systems. This category includes two types:

- Supply of equipment and non-complex installation services with no intermediate contractual milestones. The revenues are recognised at a point in time at the moment of installation.
- Supply of equipment, complex installation services and/or other strictly integrated, interrelated or interdependent professional services, which represent a single performance obligation the revenues of which are recognised over time with the cost to cost method.

2.2.7.22 Costs

Costs are recognised when they relate to goods and services sold or consumed during the year, by systematically breaking them down or when their future useful life cannot be identified.

2.2.7.23 Financial income and charges

Payable/receivable interest is recognised as financial income/charges after being checked on an accruals basis.

2.2.7.24 Dividends

Dividends are recognised when the shareholders hold the right to receive them, in accordance with local legislation.

2.2.7.25 Income taxes

Taxes during the reporting period are defined on the basis of amounts expected to be due according to the tax laws in force. The tax rates and regulations used to calculate the amount are those substantially issued at the reporting date in the individual countries where the Group operates.

The Company periodically assesses the choices made when calculating taxes with reference to situations in which the tax legislation in force is open to interpretation and, if it deems it appropriate, adjusts its exposure to the tax authority on the basis of the taxes it expects to pay.

In addition, deferred tax assets and liabilities and those paid in advance are recognised on the temporary differences between the values carried in the financial statements and the corresponding values recognised for tax purposes, and showing accumulated tax losses or unused tax credits, provided it is probable that the recovery (discharge) reduces (increases) future tax payments with respect to those that would have occurred if that recovery (discharge) had not had any tax effect. The tax effects of transactions or other events are recognised in the income statement or directly under shareholders' equity using the same methods used to recognise transactions or events that result in taxation.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is more likely that sufficient tax profits will be available in the future so that all or part of the related credit can be used. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become probable that the tax profit will be sufficient to allow these deferred tax assets to be recovered. Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied to the year in which said assets are realised or said liabilities are extinguished, considering the rates in force and those already substantially issued at the reporting date. Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets against current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authority.

2.2.7.26 Earnings (losses) per share

Earnings (losses) per share is calculated by dividing net profit for the year attributable to ordinary shareholders of the Parent Company by the average number of ordinary shares in issue during the period.

For the purpose of calculating basic earnings (losses) per share, the economic result for the year minus the amount attributable to minority interests was used in the numerator. In addition, there are no privileged dividends, conversion of privileged shares and other similar effects which could adjust the economic result attributable to holders of ordinary capital instruments.

The diluted earnings (losses) per share is equal to the earnings per share adjusted to take into account the theoretical conversion of all potential shares.

2.2.7.27 Currencies

The Group's financial statements are presented in Euro, the functional currency of the Group.

Transactions in foreign currency are converted into the reporting currency at the rate of exchange on the date of the transaction. Exchange gains and losses arising from liquidation related to these transactions and the conversion of monetary assets and liabilities into foreign currency are recognised in the income statement.

2.3 Financial risk management

The Exprivia Group is exposed to the following financial risks:

Interest Rate Risk

At the end of November 2020, Exprivia took out a bank loan agreement backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan, pursuant to the Liquidity Decree (Italian Decree Law no. 23 of 08/04/2020 converted into Italian Law no. 40 of 05/06/2020), which envisages a variable interest rate. This is joined by other loans, some of which are variable interest rate loans and others subsidised loans, the latter being linked to funded research and development projects.

With reference to loans, the situation and evolution of the repayments of payables outstanding at 31 December 2023 in the following years are as follows:

Description	Balance at 31/12/2023	Current portion	Non-current portion				
		Refunds within 12 months	Refunds within 24 months	Repayments within 36 months	Repayments Within 48 months	Repayments Within 60 months	Repayments after 5 years
Payables to banks	**28,769,436**	**17,857,123**	**5,848,754**	**4,409,169**	**351,096**	**176,387**	**126,907**
Of which at floating rate	22,263,679	12,451,887	5,451,887	4,184,906	175,000	-	-
Of which at Fixed Rate	6,505,757	5,405,236	396,868	224,264	176,096	176,387	126,907

Interest rate risk is due to the exposure of floating rate loans. At 31 December 2023, the Group's medium/long-term debt relating to floating rate bank loans amounted to Euro 22,264 thousand, broken down into the short-term portion, amounting to Euro 12,452 thousand, and the long-term portion, amounting to Euro 9,812 thousand.

In the event of a rise in variable interest rates, in particular in the event of a +0.50% change, the effect on the income statement relating to higher financial charges for the Exprivia Group would be insignificant.

The loans taken out with the Ministry of Economic Development, and those taken out by foreign subsidiaries are not exposed to interest rate risk, as they provide for the application of a fixed rate.

Credit Risk

The Exprivia Group does not have significant concentrations of credit risk except for work carried out in the Public Administration sector, where delays are recorded mainly due to the payment policies adopted by public bodies. They often do not respect the conditions set forth in contracts but, nevertheless, they do not lead to the risk of bad debts.

Exprivia Group also manages this risk by selecting counterparts considered by the market to be solvent and with high credit standing.

All amounts receivable are periodically assessed for each individual customer, and they are written down when they are considered impaired, aside from the assessment required by IFRS 9 on "Expected Credit Loss".

Liquidity Risk

Liquidity risk is prudently managed by planning cash flows, financing needs and monitoring the liquidity of Exprivia Group to ensure effective adequate financial resources are available, by managing any surplus liquidity, and by opening credit lines where necessary, including short-term ones.

Despite the complexity of the current economic and financial context and the persistence of a situation of great market volatility, the Exprivia Group believes that it will be able to meet its financial commitments through the efficient management of its financial resources.

Exchange Rate Risk

The majority of Exprivia Group's activities are carried out in the "Euro Zone", although the acquisition of Italtel Group had increased the volume of transactions carried out on markets subject to sharp fluctuations in exchange rates (e.g., Brazil). With the exit of the Italtel Group from the scope of consolidation of the Exprivia Group at 31 December 2020, the exchange rate risk deriving from transactions in currencies other than the functional currency (Euro) decreased. In any case, the opening up to markets characterised by major fluctuations (e.g., Brazil) might constitute a risk to be monitored, depending, however, on the volumes in place, which for the moment are not significant.

2.3.1 Reconciliation of financial assets and liabilities according to IFRS 7

To complement the reporting on financial risks, the table below provides a reconciliation between financial assets and liabilities included in the Group's balance sheet and classes of financial assets and liabilities provided by IFRS 9 (amounts in thousands of euro):

Financial assets at 31/12/2023	Loans and receivables "amortised cost"	Equity investments measured at fair value through OCI (FVOCI)	Equity investments measured at fair value through PL (FVPL)	Derivative financial instruments Hedge Accounting financial assets measured at fair value through OCI (FVOCI)	Financial instruments available for sale "FVOCI"	Total
Amounts in thousands of Euro						
Non-current assets						
Financial Assets	556					556
Derivative financial instruments				1		1
Equity Investments in associated companies			544			544
Equity Investments in Other Companies		119				119
Other Non-Current Assets	682					682
Total Non-current Assets	**1,238**	**119**	**544**	**1**	**-**	**1,902**
Current Assets						
Trade receivables	55,358					55,358
Other Financial Assets	674				2	676
Other current assets	15,539					15,539

Cash and cash equivalents	23,452					23,452
Total Current Assets	**95,023**	**-**	**-**	**-**	**2**	**95,025**
TOTAL	**96,261**	**119**	**544**	**1**	**2**	**96,927**

Financial liabilities at 31/12/2023	**Loans and payables "amortised cost"**	**Derivative financial instruments "financial liabilities measured at FV through profit and loss" (FVPL)**	**Derivative financial instruments Hedge Accounting financial liabilities measured at fair value through OCI (FVOCI)**	**Financial instruments available for sale "FVOCI"**	**Total**
Amounts in thousands of Euro					
Non-current Liabilities					
Payables to banks	9,935				9,935
Other financial liabilities	4,568				4,568
Derivative financial instruments		4			4
Other non-current liabilities	1				1
Total Non-current Liabilities	**14,504**	**4**	**-**	**-**	**14,508**
Current Liabilities					
Trade Payables and Advances	39,620				39,620
Other financial liabilities	3,893				3,893
Payables to banks	18,869				18,869
Other Current Liabilities	43,101				43,101
Total Current Liabilities	**105,483**	**-**	**-**	**-**	**105,483**
TOTAL	**119,987**	**4**	**-**	**-**	**119,991**

It should be noted that the financial instruments reported above, with reference to loans, receivables, payables and investments, were measured at carrying amount, given it is considered to be an approximation of their fair value.

Derivative financial instruments at level 2 on the fair value hierarchy.

The table below shows current and non-current financial liabilities with an analysis of the maturities of the non-current part:

Financial Liabilities-	**of which**		**Analysis of maturities of the non-current portion**			
	Current	**Non-current**	within 12 months	between 1 and 2 years	between 3 and 5 years	over 5 years
Bank payables	18,869	9,935	5,525	4,214	296	-
Financial payables for leasing	1,823	4,558	1,842	1,302	-	-
Other financial liabilities	3,851	929	5	-	1,413	10

Fair Value Hierarchy Measurement

For financial instruments carried in the balance sheet at fair value, IFRS 7 requires that these values be classified according to a hierarchy reflecting the significance of input used in determining fair value. There are three levels as follows:

Level 1 - quoted prices on an active market for similar assets or liabilities;

Level 2 - inputs other than the quoted prices in level 1, which are directly observable (prices) or indirectly (price-related inputs) observable on the market;

Level 3 - inputs that are not based on observable market data.

2.4 Scope of Consolidation

The Consolidated Financial Statements at 31 December 2023 include the statement of financial position, income statement and cash flows of the Parent Company Exprivia and its subsidiaries in accordance with IFRS 10, except for Beta Tlc SpA in liquidation as, given its current inoperative status, resulting from the full takeover of its assets and liabilities by Nuovo Polo Impiantistico SpA (now Italtel SpA) with immediate effect on 1 April 2022, the effects are immaterial under IAS 1 par. 7. The consolidation scope has changed compared to 31 December 2023 exclusively due to the effect of the sale of ProSap Centroamerica S.A. (Guatemala), sold by the majority shareholder Exprivia Mexico SA de CV to third parties on 3 November 2023.

The table below shows the companies under consolidation; the investments shown below are all controlled directly by the Parent Company Exprivia apart from the Exprivia IT Solution Shanghai indirect subsidiaries.

Company	Reference market
Advanced Computer Systems D - Gmbh	Defence & Aerospace
Consorzio Exprivia S.c.ar.l.	Other
Exprivia Asia Ltd	International business
Exprivia IT Solutions (Shanghai) Co Ltd	International business
Exprivia Projects Srl	Utilities
Exprivia do Brasil Serviços de Informatica Ltda	International business
Exprivia SLU	International business
HR COFFEE Srl	Other
Exprivia Mexico SA de CV	International business
Exprivia Chile Spa	International business
Spegea Scarl	Other

The main data at 31 December 2023 for the aforementioned subsidiaries, consolidated using the line-by-line method, are provided below:

Company	Registered office	Currency	Share capital	Currency	Profit/(loss) for the year	Shareholders' equity	Total revenues	Total assets	% owned and shareholders	
Advanced Computer Systems D-Gmbh	Offenbach (Germany)	Euro	25,000	amounts in thousands of Euro	102	303	1,909	423	100.00 %	Exprivia SpA
Consorzio Exprivia S.c.a.r.l.	Milan	Euro	20,000	amounts in thousands of Euro	2	27	-	692	70.00%	Exprivia SpA
									25.00%	Italtel SpA
									5.00%	Exprivia Projects Srl
Exprivia ASIA Ltd	Hong Kong	Hong Kong dollar	2,937,850	amounts in thousands of Euro	(330)	(456)	-	544	100.00 %	Exprivia SpA
Exprivia Chile SpA	Santiago del Chile	Chilean Pesos	1,000,000	Amounts in thousands of Euro	-	1	-	-	100%	Exprivia SpA
Exprivia It Solutions (Shanghai) Ltd	Shanghai (China)	Renminbi	3,719,450	amounts in thousands of Euro	(75)	(50)	1,670	572	100.00 %	Exprivia ASIA Ltd
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brazil)	Real	5,890,663	amounts in thousands of Euro	(123)	1,411	2,039	1,651	100.00 %	Exprivia SpA
Exprivia Projects Srl	Rome	Euro	242,000	amounts in thousands of Euro	858	1,662	14,750	6,648	100.00 %	Exprivia SpA
HRCOFFEE Srl	Molfetta (BA)	Euro	200,000	amounts in thousands of Euro	(74)	(286)	372	215	70.00%	Exprivia SpA
									30.00%	natural persons
Spegea Scarl	Bari	Euro	125,000	amounts in thousands of Euro	95	529	1,017	1,664	60.00%	Exprivia SpA
									40.00%	Confindustria Bari
Exprivia SLU	Madrid (Spain)	Euro	197,904	amounts in thousands of Euro	174	486	2,295	1,213	100.00 %	Exprivia SpA
Exprivia Mexico SA de CV	Mexico City (Mexico)	Mexican Pesos	41,208,999	amounts in thousands of Euro	(1,083)	342	132	532	1.43%	Exprivia SLU
									98.57%	Exprivia SpA

The primary exchange rates used for conversion into Euro of the financial statements of foreign companies at 31 December 2023 were as follows:

FOREIGN CURRENCY	Average for the 12 months at 31 December 2023	At 31 December 2023
Brazilian Real	5.483	5.279
US dollar	1.081	1.087
Hong Kong dollar	8.475	8.516
Renminbi -Yuan (China)	7.490	7.898
Mexican peso	19.655	18.561

Transactions in foreign currency are initially converted into the reporting currency at the exchange rate applicable on the date of the transaction. At the end of the reporting year, the monetary assets and liabilities in foreign currency are converted into the reporting currency at the exchange rate applicable on the closing date. Exchange differences are recognised in the income statement. Non-monetary assets and liabilities in foreign currency, valued at cost, are converted at the exchange rate applicable at the date of the transaction, whereas those measured at fair value are converted at the exchange rate applicable on the date the measurement is made.

2.5 Segment reporting

The representation of the results by operating segments is carried out on the basis of the approach used by management to monitor the Group's performance. In particular, the Group has identified the segments subject to reporting on the basis of the criteria of the organisation, with reference to the related co-ordination and control structures and on the basis of the sector it belongs to within the ICT reference market.

At 31 December 2023, the IT (Information Technology) sector was identified as a single operating segment that includes Information Technology and IT software, solutions and services. This sector corresponds to the scope of consolidation of the Group.

3. Explanatory Notes on the Consolidated Balance Sheet

All the figures reported in the tables below are in thousands of Euro, unless expressly indicated.

NON-CURRENT ASSETS

3.1 - Property, plant and machinery

The net balance relating to the item "**property, plant and machinery**" amounted to Euro 17,438 thousand at 31 December 2023 compared to Euro 16,390 thousand at 31 December 2022.

Changes in the financial year for each category of assets are detailed below:

Category	Net value at 01/01/2023	Historical cost increases at 31/12/2023	Historical cost decreases at 31/12/2023	Depreciation for the year	Decreases in accumulated depreciation at 31/12/2023	Net value at 31/12/2023
Land	1,278	-	-	-	-	1,278
Buildings	11,250	3,392	(1,602)	(1,161)	56	11,935
Other assets	3,862	2,521	(1,453)	(1,965)	1,261	4,225
TOTALS	**16,390**	**5,914**	**(3,055)**	**(3,126)**	**1,317**	**17,438**

The increase in the item "**buildings**", amounting to Euro 3,392 thousand is mainly attributable to the recognition of the right of use according to IFRS 16 for the renewal of the lease contracts by the Parent Company Exprivia SpA.

The increase in the item "**other assets**", amounting to Euro 2,521 thousand, mainly related to the recognition of the right of use according to IFRS 16 of medium/long-term car rental contracts for Euro 1,948 thousand, and to the purchase of electronic office equipment and computers for the technological renewal of information systems for Euro 466 thousand. The decreases in the item "other assets" were mainly due for Euro 966 thousand to the termination of certain medium- and long-term car rental contracts, for Euro 297 thousand to the scrapping of PCs and electronic office equipment, fully depreciated.

With regard to the item "**buildings**" also see the comments made in the section "Real estate" in the directors' report.

Please note that there was a first mortgage on the real estate complex located in Molfetta (BA) at Via Olivetti 11, owned by Exprivia, for a maximum amount of Euro 50 million to guarantee the timely fulfilment of obligations arising from the Euro 25 million loan taken out on 1 April 2016 from a pool of banks, which was repaid in full by 31 December 2022. The cancellation of the mortgage following the conclusion of the amortisation schedule was recorded on 3 April 2023.

With regard to rights of use recognised in accordance with IFRS 16, as well as to assets previously recognised as leases by applying IAS 17 until 31 December 2018, the changes are detailed below:

Description	Net value at 01/01/2023	Increases at 31/12/2023	Decreases at 31/12/2023	Depreciation	Decreases in accumulated depreciation at 31/12/2023	Net value at 31/12/2023
Land and buildings	2,016	3,391	(1,545)	(665)	-	3,194
Furniture and furnishings	5	-	-	(5)	-	-
Cars	2,374	1,948	(966)	(1,311)	777	2,822
TOTALS	**4,395**	**5,340**	**(2,511)**	**(1,981)**	**777**	**6,016**

The amounts relating to leases recognised in the income statement in 2023 are as follows:

Description	31/12/2023	31/12/2022	Change
Use of leased assets	**(377)**	**(208)**	**(169)**
Short-term leases	(45)	(28)	(17)
Leases of modest value	(333)	(180)	(153)
Amortisation, depreciation and write-downs of non-current assets	**(1,981)**	**(1,925)**	**(56)**
Amortisation of rights of use of leased assets	(1,981)	(1,925)	(56)
Financial income (charges)	**(176)**	**(175)**	**(1)**
Interest expense for leased assets	(176)	(175)	(1)

For the sake of completeness, the table below shows the changes in 2022:

Category	Net value at 01/01/2022	Historical cost increases at 31/12/2022	Historical cost decreases at 31/12/2022	Depreciation for the year	Decreases in accumulated depreciation at 31/12/2022	Net value at 31/12/2022
Land	1,278	-	-	-	-	1,278
Buildings	12,433	121	(7)	(1,303)	6	11,250
Other assets	4,306	1,886	(1,633)	(1,957)	1,260	3,862
TOTALS	**18,017**	**2,007**	**(1,640)**	**(3,260)**	**1,266**	**16,390**

3.2 Goodwill

The item "**goodwill**" amounted to Euro 69,071 thousand at 31 December 2023, unchanged from the figure at 31 December 2022.

Information on Impairment Tests performed on Goodwill

Scope

Accounting standard IAS 36 requires that impairment tests should be performed on property, plant and equipment and intangible assets in the presence of indicators, which suggest that this problem could exist.

In the case of goodwill, such impairment tests should be performed on a yearly basis or more frequently in the case of special negative events that might result in impairment.

Identification of the CGUs (Cash Generating Units) and Allocation of Goodwill

Not representing goodwill, according to international accounting standards, an asset that is unable to generate cash flow independently from other assets or groups of assets cannot be tested for impairment separately from other related assets.

For this purpose, goodwill is allocated to a CGU or groups of CGUs in compliance with the maximum aggregation consistent with the notion of operating segment referred to in IFRS 8.

At 31 December 2023, the only CGU identified is the IT, software and IT services CGU, corresponding to the Exprivia Group's scope of consolidation. Goodwill amounting to Euro 69 million is allocated to the IT CGU, equal to the total value of the goodwill originated as a result of business combinations through which assets were acquired within the Exprivia Group.

Impairment Test Process and Assessment System

The recoverability of the amount of goodwill carried in the financial statements is checked by comparing the carrying amount allocated to each CGU and the recoverable amount. IAS 36 defines the recoverable amount as the higher of the fair value of an asset or of a cash generating unit less the selling costs and its value in use.

The impairment test process and the assessment system for the IT CGU are described below.

The recoverability of the amount of goodwill carried in the financial statements and allocated to the IT CGU is checked by comparing the carrying amount of the CGU and the recoverable amount in the definition of value in use. At the date of the analysis, the value in use is identified as the current value of future cash flow expected to be generated by the CGU. The "DCF - Discounted Cash Flow" model was used in determining the value in use. The DCF discounts estimated future cash flow by applying an appropriate discount rate.

For the purpose of the projections required by IAS 36, strict reference was made to the current conditions of use of the CGU regardless of the cash flow from any investment plans and extraordinary transactions that may constitute a "break" from normal company operations.

The operating cash flow projections for the explicit 5-year period used for value measurement purposes are based on the plans subject to approval of the Board of Directors on 28 February 2024.

It should be noted that, in line with ESMA recommendations, the current macroeconomic scenario and related uncertainties, also related to climate issues, were taken into account in economic and financial projections. In particular, also considering the sector in which the Group operates, it should be noted that climate-related issues have no material impact and do not affect the assumptions underlying the economic and financial projections used in estimating the recoverable value of assets.

The terminal value of the CGU was calculated as the present value of the perpetuity obtained by capitalising the cash flow generated in the last analytical forecast period at a long-term growth rate (G-rate) equal to the average of the long-term inflation rates expected for the main countries in which the CGU operates.

The WACC (Weighted Average Cost of Capital) discount rate used to discount the cash flows was determined as the average of the specific discount rates for the main countries in which the CGU operates, weighted on the basis of the respective weight envisaged in the last year of the plan.

The Beta ratio has been estimated on the basis of a panel of comparable companies.

The weighted average cost of capital or WACC, was increased to incorporate an additional risk premium of 1%, which reflects the uncertainties related to future global economic scenarios; while the execution risk of the plan, calculated on the basis of the average deviation percentage between the EBITDA achieved and the EBITDA estimated in the last eight years, was positive.

The main assumptions underlying the 2024-2028 economic-financial forecasts are listed below:

- for 2024-2028, the projections reflect an annual compound average growth rate of Total revenues of 1.8% (CAGR 2023-2028) and average profit margin of 13.9%.

The valuation parameters used for establishing the value in use of the IT CGU are presented below:

Parameters	Italy	Brazil	Hong Kong	Spain	Mexico	Germany
Risk free rate	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%
Equity Risk Premium	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
D/E	9.05%	9.05%	9.05%	9.05%	9.05%	9.05%
Unlevered beta	62.8%	62.8%	62.8%	62.8%	62.8%	62.8%
Beta levered	67.1%	66.6%	67.5%	67.1%	66.8%	66.8%
Risk Premium	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Country Risk Premium	3.21%	4.40%	0.88%	2.34%	2.78%	0.00%
Additional risk premium	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cost of equity (Ke)	**10.35%**	**11.4999%**	**8.0%**	**9.47%**	**9.9%**	**7.1%**
Risk free rate	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Spread	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Cost of debt (Kd Pre tax)	**6.20%**	**6.2000%**	**6.2%**	**6.2%**	**6.2%**	**6.2%**
IRES/IS rate	24.0%	34.0%	16.5%	25.0%	30.0%	30.0%
Cost of debt (Kd after Tax)	**4.71%**	**4.09%**	**5.18%**	**4.65%**	**4.34%**	**4.34%**
D/D+E	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%
E/D+E	91.70%	91.70%	91.70%	91.70%	91.70%	91.70%
WACC	**9.88%**	**10.89%**	**7.79%**	**9.07%**	**9.44%**	**6.88%**
Weighting factor (EBITDA by country)	96.93%	1.07%	0.60%	0.81%	0.01%	0.58%
Weighted average WACC by country	**9.85%**					

Parameters	Italy	Brazil	Hong Kong	Spain	Mexico	Germany
G Rate (long-term CPI by country)	2.00%	3.00%	2.50%	1.70%	3.00%	2.00%
Weighting factor (EBITDA by country)	96.93%	1.07%	0.60%	0.81%	0.01%	0.58%
Weighted average G rate with average EBITDA by country	**2.01%**					

The discount rate (WACC), as well as the long-term growth rate (G rate), were determined with the support of an independent expert.

Sensitivity Analysis

A sensitivity analysis was carried out on the outcome of the impairment test assuming the following changes:

- an increase in the weighted average cost of capital of up to 1%;
- a decrease in the growth rate "G" up to 1%;
- a change in the estimated EBITDA in the projections up to a decrease of 10%, with the simultaneous separation of the execution risk (1%) from the calculation of the weighted average cost of capital;
- the combined change in all three variables indicated above.

The sensitivity analysis shows that the values used are higher than the carrying amounts.

Conclusions

The tests performed did not show any impairment that should be reported in the financial statements.

3.3 Other intangible assets

The item "**Other intangible assets**" amounted to Euro 7,367 thousand at 31 December 2023 (net of amortisation) compared to Euro 8,144 thousand at 31 December 2022.

The table below provides a summary of the item.

Category	Net value at 01/01/2023	Increases at 31/12/2023	Decreases at 31/12/2023	Amortisation for the year	Net value at 31/12/2023
Other intangible assets	988	240	(1)	(465)	763
Costs for Capitalised Internal Projects	4,830	3,614	-	(2,253)	6,191
Assets under construction and payments on account	2,326	265	(2,178)	-	413
TOTALS	**8,144**	**4,119**	**(2,179)**	**(2,718)**	**7,367**

The increase in the item "**Costs for capitalised internal projects**" is due to the development of software applications in the IT sector for the Banking & Finance, Healthcare and Defence & Aerospace markets.

It should be noted that the item "**Assets under construction and payments on account**" mainly refers to "costs for capitalised internal projects" regarding development activities not yet completed in the Defence & Aerospace market; the decrease is mainly attributable to the creation of completed software applications and therefore amortised and reclassified under increases in the item "costs for capitalised internal projects".

The changes relating to 2022 are shown below:

Category	Net value at 01/01/2022	Increases at 31/12/2022	Decreases at 31/12/2022	Amortisation for the year	Net value at 31/12/2022
Other intangible assets	1,522	59	0	(593)	988
Costs for Capitalised Internal Projects	5,085	1,815	-	(2,070)	4,830
Assets under construction and payments on account	2,671	502	(847)	-	2,326
TOTALS	9,278	2,376	(847)	(2,663)	8,144

3.4 Equity investments

The balance of the item "**equity investments**" at 31 December 2023 amounted to Euro 663 thousand compared to Euro 816 thousand at 31 December 2022.

The composition of equity investments is described below.

Equity Investments in associated companies

The balance of the item "equity investments in associated companies" at 31 December 2023 amounted to Euro 544 thousand, is unchanged compared to 31 December 2022 and relates for:

- Euro 538 thousand to the equity investment in QuestiT, a company established in 2007 as a spin-off of the Artificial Intelligence research group of the Siena Department of Information Engineering and specialised in Artificial Intelligence technologies and applications. The percentage of investment in this company is 24.9%;
- Euro 6 thousand to the investment in Urbanforce Scarl, a company specialising in the Salesforce market. The percentage of investment in this company is 28.57%.

It should be noted that the aforementioned investments are valued according to the equity method.

Equity Investments in Other Companies

The balance of the item "equity investments in other companies" at 31 December 2023 amounted to Euro 119 thousand compared to Euro 272 thousand at 31 December 2022.

The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Consorzio Daisy-Net	14	14	-
Certia	1	1	-
Software Engineering Research & Practices Srl	12	12	-
Consorzio Biogene	3	3	-
Consorzio DARe	1	1	-
Consorzio DHITECH	17	17	-
H.BIO Puglia	12	12	-
Consorzio Italy Care	-	10	(10)
Consorzio DITNE	6	6	-
Ultimo Miglio Sanitario	3	3	-
Banca Cattolica Popolare s.c.a.r.l.	-	23	(23)
Innoval Scarl	3	3	-
Consorzio SILAB-Daisy	7	7	-
Equity investment in MEDISDIH Scarl	3	3	-
Consorzio GLOBAL ENABLER	2	2	-
Cefriel Scarl	34	33	-
AREAMEDICAL24 S.R.L.	0	111	(111)
Banca Credito Cooperativo	0	9	(9)
Distretto Tecnologico Aerospaziale	3	3	-
Consorzio EDIH4DT	1	-	1
TOTAL	**119**	**272**	**(153)**

The change in the item in question is mainly attributable to the sale, on 25 January 2023, of the equity investment held in Areamedical24 Srl.

3.5 Other non-current financial assets

The balance of the item "**other non-current financial assets**" at 31 December 2023 amounted to Euro 557 thousand compared to Euro 145 thousand at 31 December 2022.

Details on the item in question are provided below:

Description	31/12/2023	31/12/2022	Change
Non-current financial receivables from others	556	135	421
Derivative financial instruments	1	10	(9)
TOTALS	**557**	**145**	**412**

Non-current financial receivables from others

The balance of the item "**non-current financial receivables from others"** at 31 December 2023 amounted to Euro 556 thousand compared to Euro 135 thousand at 31 December 2022.

This item refers to medium/long-term guarantee deposits of Euro 78 thousand and for Euro 478 thousand to financial receivables for leases deriving from some contracts with customers that include obligations qualified as leases and for which IFRS 15 was applied to recognise revenues and financial receivables from leases, equal to the future payments discounted at the implicit rate of the supply agreement.

Derivative financial instruments

The balance of the item “derivative financial instruments” at 31 December 2023 is equal to Euro 1 thousand and refers to a derivative product subscribed by Exprivia with Unicredit, initially linked to a loan with a floating interest rate and which, further to the renegotiation of the loan, no longer satisfies the requirements envisaged for hedge accounting and therefore the related fair value change has been recognised in the income statement.

As regards the derivative product, the sensitivity analysis conducted on the change in the fair value of the derivative after a shift in the yield curve shows that:

- upon a change of +0.5% and +1%, the fair value would be a positive Euro 1 thousand and a positive Euro 1 thousand, respectively;
- upon a change of -0.5% and -1%, the fair value would be a positive Euro 0.7 thousand and Euro 0.7 thousand respectively.

This is an instrument valued at fair value level 2.

3.6 Other Non-current Assets

The balance of the item "**Other non-current assets**" at 31 December 2023 amounted to Euro 360 thousand compared to Euro 682 thousand at 31 December 2022**.**

The table below provides details on the item in question with a comparison with the composition at 31 December 2022.

Description	31/12/2023	31/12/2022	Change
Receivables from tax authorities	1	1	-
Receivables from tax authorities requested as reimbursement	53	53	-
Other receivables	306	628	(322)
TOTALS	**360**	**682**	**(322)**

"**Other receivables**", amounting to Euro 306 thousand compared to Euro 628 thousand at 31 December 2022 refer primarily, for Euro 301 thousand, to the suspension of costs pertaining to subsequent years.

3.7 Deferred tax assets

The balance of the item "**Deferred tax assets**" amounted to Euro 1,938 thousand at 31 December 2023 compared to Euro 2,094 thousand at 31 December 2022, and refers to taxes on temporary deductible changes or future tax benefits.

Description	Amount of temporary differences	Tax effect at 31/12/2023	Amount of temporary differences	Tax effect at 31/12/2022
Amortisation and depreciation	694	167	803	193
Bad debt provision	758	170	1,229	283
Provision for risks	1,935	548	1,862	521
Tax losses	1,928	502	1,630	464
Adjustments for IFRS/employee severance indemnity adjustment	785	182	785	182
Various	1,737	369	2,008	451
TOTALS	**7,837**	**1,938**	**8,317**	**2,094**

The table below shows the changes in 2023:

Description	Value at 31/12/2022	Increases	Uses	Value at 31/12/2023
Amortisation and depreciation	193	-	(26)	167
Bad debt provision	283	-	(113)	170
Provision for risks	521	30	(2)	548
Tax losses	464	85	(47)	502
Adjustments for IFRS/employee severance indemnity adjustment	182	-	-	182
Various	451	-	(82)	369
Total	**2,094**	**115**	**(271)**	**1,938**

CURRENT ASSETS

3.8 Trade Receivables

The balance of the item "**Trade receivables**" at 31 December 2023 amounted to Euro 55,358 thousand compared to Euro 51,717 thousand at 31 December 2022.

The balance of the item at 31 December 2023 and at 31 December 2022 can be broken down as follows:

Description	31/12/2023	31/12/2022	Change
Trade Receivables from Customers	55,307	51,520	3,786
Trade Receivables from Associated Companies	-	151	(151)
Trade Receivables from Parent Companies	51	46	5
Total Trade Receivables	**55,358**	**51,717**	**3,640**

Trade Receivables from customers

At 31 December 2023, the balance of "**Trade receivables from customers**" amounted to Euro 55,307 thousand (net of the bad debt provision) compared to Euro 51,520 thousand at 31 December 2022. The table below provides details on the item in question with a comparison with 31 December 2022.

Description	31/12/2023	31/12/2022	Change
From Italian Customers	43,839	38,437	5,402
From Foreign Customers	4,713	7,033	(2,319)
From Public Entity Customers	7,519	8,477	(958)
Subtotal Receivables from Customers	**56,071**	**53,947**	**2,124**
Less: bad debt provision	(764)	(2,427)	1,663
Total Receivables from Customers	**55,307**	**51,520**	**3,787**

The change in the bad debt provision mainly refers to the use of the bad debt provision for trace receivables, considered no longer collectable, in relation to the subsidiary Exprivia Messico SA de CV.

The table below shows the changes in 2023 relating to the bad debt provision:

Description	31/12/2023
Initial value at 31 December 2022	(2,427)
Provisions	(54)
Uses	1,684
Releases	34
Closing value at 31 December 2023	**(764)**

Trade receivables from customers, including the bad debt provision, can be broken down as follows.

Detail	31/12/2023	31/12/2022	Change
To third parties	37,252	37,724	(472)
Invoices/credit notes to be issued to third parties	18,819	16,223	2,596
TOTALS	**56,071**	**53,947**	**2,124**

The value of invoices to be issued reflects the particular type of business in which Group companies operate, hence, although many contracts can be invoiced on a monthly basis, others must follow an authorisation process which does not necessarily end in the month of reference. The amount shown in the financial statements is the amount that had been accrued up until the close of the year, which will be invoiced in the following months.

The table below shows a breakdown of receivables by date of maturity, net of invoices/credit notes to be issued and including receivables carried under the bad debt provision.

Receivables amount	of which		past due days								Bad debt provision	Receivables net of the provision
	to expire	expired	1-30	31-60	61-90	91-120	121-180	181-270	271-365	beyond		
37,252	29,724	7,528	1,798	1,811	242	572	322	1,035	238	1,510	(764)	36,488
100%	80%	20%	5%	5%	1%	2%	1%	3%	1%	4%		

Trade Receivables from Associated Companies

"**Trade receivables - Associates**" at 31 December 2023 were zero compared to Euro 151 thousand at 31 December 2022.

Trade Receivables from Parent Companies

The balance of "**Trade receivables from Parent Companies**" at 31 December 2023 amounted to Euro 51 thousand compared to Euro 46 thousand at 31 December 2022 and refers to the receivable due to Exprivia from the holding company Abaco Innovazione SpA for the charge-back of administrative and logistics services governed by a framework agreement in effect between the parties.

3.9 Inventories

"**Inventories**" amounted to Euro 1,740 thousand at 31 December 2023 compared to Euro 913 thousand at 31 December 2022 and refer mainly to software and hardware purchased and destined to be sold in future periods.

The table below provides the detailed breakdown:

Description	31/12/2023	31/12/2022	Change
Finished products and goods	1,740	913	(827)
TOTALS	**1,740**	**913**	**(827)**

The value of inventories at 31 December 2023 is shown net of the provision for depreciation. At 31 December 2023, the item refers almost exclusively to the Parent Company Exprivia.

3.10 Work in progress contracts

At 31 December 2023, the item "**work in progress contracts**" amounted to Euro 29,277 thousand compared to Euro 25,669 thousand at 31 December 2022 and refers to the value of work in progress contracts valued according to contractual payments accrued.

The table of work in progress and advance payments is shown below:

Description	31/12/2023	31/12/2022	Change
Work in Progress (gross)	97,906	81,992	15,414
Advances from customers	(68,129)	(56,323)	(11,806)
Work in progress contracts	**29,277**	**25,669**	**3,608**
Advances from customers (gross)	(75,917)	(55,059)	(20,858)
Work in Progress	70,066	48,865	(21,201)
Advance Payments on Work in Progress Contracts	**(5,850)**	**(6,194)**	**(344)**

The change in work in progress contracts and the relative incidence on revenues refers essentially to new contracts with some customers in the Defense & Aerospace and Energy area.

3.11 Other Current Assets

"**Other current assets**" amounted to Euro 15,539 thousand at 31 December 2023 compared to Euro 13,589 thousand at 31 December 2022.

Details are provided in the following table:

Description	31/12/2023	31/12/2022	Change
Other current receivables from parent companies	274	-	274
Current tax receivables	1,670	2,527	(857)
Current tax receivables	115	-	115
Receivables for grants	11,041	8,359	2,682
Sundry receivables	962	382	580
Receivables from social security institutions/INAIL	16	228	(212)
Receivables from employees	1	2	(1)
Costs pertaining to future years	1,459	2,091	(631)
TOTALS	**15,539**	**13,589**	**1,951**

“**Other current receivables from parent companies**” amount to Euro 274 thousand and refer to the receivable due to Exprivia SpA from its parent company Abaco Innovazione SpA as a result of Exprivia SpA's participation in the Tax Consolidation.

"**Current tax receivables**" amounted to Euro 1,670 thousand, compared to Euro 2,527 thousand at 31 December 2022; they were mainly tax credits for research & development, VAT and withholding taxes on foreign receipts.

The item "**Grants receivable**", amounting to Euro 11,041 thousand versus Euro 8,359 thousand at 31 December 2022, refers to the amounts receivable from the government, regional authorities and public bodies for operating and capital grants for research and development projects in relation to which reasonable certainty exists regarding their recognition, as set forth in section 7 of IAS 20; the balance at 31 December 2023 is almost entirely attributable to the Parent company Exprivia.

The change in the item "**Receivables from pension institutions/INAIL**", amounting to Euro 212 thousand mainly refer both to the zeroing of receivables from INPS for amounts advanced by Exprivia for integration (Euro 161 thousand) and to receivables from INAIL for higher advances paid compared to the estimated payable for previous financial years (Euro 18 thousand) no longer due.

The item "**Costs pertaining to future years**" of Euro 1,459 thousand compared with Euro 2,091 thousand at 31 December 2022, refers to suspended costs pertaining to the following year.

3.12 Other Current Financial Assets

The balance of the item "**other current financial assets**" at 31 December 2023 amounted to Euro 674 thousand compared to Euro 710 thousand at 31 December 2022.

The following table provides details on the item as well as a comparison with 31 December 2022.

Description	31/12/2023	31/12/2022	Change
Current financial receivables from others	674	235	(439)
Current financial receivables from parent companies	-	475	(475)
TOTALS	**674**	**710**	**(36)**

Current financial receivables from others

The balance of "**current financial receivables from others**" at 31 December 2023 amounted to Euro 674 thousand compared to Euro 235 thousand at 31 December 2022 and mainly refers for Euro 35 thousand to guarantee deposits, for Euro 215 thousand to Exprivia's time deposits for guarantee commitments assumed towards banking institutions and for Euro 290 thousand to the current portion of financial receivables for leases deriving from some contracts with customers of the Parent Company Exprivia containing obligations that qualify as leases and for which IFRS 15 was applied to recognise revenues, and the resulting recognition of financial receivables for leases equal to the future payments discounted at the implicit rate of the supply agreement.

Current financial receivables from parent companies

The balance of "**current financial receivables from parent companies**" at 31 December 2022 included Euro 475 thousand relating to the receivable for an unsecured loan with no guarantees taken out in 2016 between Exprivia SpA and the parent company Abaco Innovazione SpA, with Euro 1,680 thousand disbursed in cash and Euro 1,305 thousand as a reclassification of receivables outstanding at 31 December 2015. At 31 December 2023, the balance was zero as the contract ended on 4 April 2023.

3.13 Cash and cash equivalents

The item "cash and cash equivalents" amounted to Euro 23,452 thousand at 31 December 2023 compared to Euro 17,290 thousand at 31 December 2022 and relates to Euro 23,403 thousand held at banks and Euro 49 thousand in cheques and cash in hand. Additionally, the bank balance does not include, at 31 December 2023, secured deposits for guarantees undertaken in favour of banks. For details on the changes in cash and cash equivalents, please refer to the specific Note relating to the Statement of Cash Flows.

3.14 Other Financial Assets Measured at FVOCI

The item "**other financial assets measured at FVOCI**" amounted to Euro 2 thousand at 31 December 2023, unchanged from at 31 December 2022, and it relates to financial instruments issued by Banca Popolare di Bari, i.e.:

40,176 shares of the above-mentioned bank for a total value of Euro 2 thousand at 31 December 2023;

These financial instruments were booked at fair value (level 2).

3.15 SHAREHOLDERS' EQUITY

Share capital

The “Share Capital”, fully paid-up, amounts to Euro 26,980 thousand at 31 December 2023 and is shown net of treasury shares held at 31 December 2023 for an amount of Euro 24,006 thousand compared to Euro 24,284 thousand at 31 December 2022. The share capital is represented by 51,883,958 ordinary shares with a nominal value of Euro 0.52.

The number of treasury shares held at 31 December 2023 was 5,719,207 with a nominal value of Euro 2,974 thousand. Treasury shares purchase and sale transactions during the year were carried out by virtue of the resolution of the Shareholders' Meeting of 27 April 2023, when the Shareholders' Meeting approved the release of a new authorisation for the purchase and sale of treasury shares. The objective of the authorisation for the purchase and sale of treasury shares is to provide the company with an important instrument to be used in any equity investment acquisitions, share price stabilisation measures, in stock options or incentive plans for employees, managers, directors, collaborators in Italy and abroad and for treasury shares trading.

Share Premium Reserve

At 31 December 2023, the "**Share premium reserve**" amounted to Euro 18,082 thousand and is the same as 31 December 2022.

Revaluation Reserve

At 31 December 2023, the "**Revaluation reserve**" amounted to Euro 2,907 thousand and is the same as 31 December 2022. It should be noted that this item includes the tax realignment of the statutory values carried out by the Parent Company with reference to the properties in Molfetta, Via A. Olivetti 11 and Rome, Via Bufalotta; opportunity offered by Italian Decree Law no. 104 of 14 August 2020, art. 110, paragraph 8, by reference to paragraph 1 of art. 14 of Italian Law no. 342/00.

Legal Reserve

The "**Legal reserve**" at 31 December 2023 amounted to Euro 5,396 thousand compared to Euro 5,190 thousand at 31 December 2022. The change is related to the allocation of Euro 206 thousand of the 2022 Parent Company's profit resolved by the shareholders' meeting on 27 April 2023.

Other Reserves

The balance of the item "**Other reserves**" at 31 December 2023 amounted to Euro 33,191 thousand compared to Euro 31,258 thousand at 31 December 2022. Changes in 2023 refer to:

- the positive effect of the allocation of the 2022 profit for Euro 11,769 thousand;
- the negative effect on the shareholders' equity deriving from the share premium paid in 2023 for the purchase of treasury shares for Euro 618 thousand;

- the positive effect of the change in the currency translation reserve for Euro 147 thousand;
- the negative effect on the shareholders' equity of the application of IAS 19 with the associated recognition in the statement of comprehensive income of actuarial losses net of the tax effect for Euro 230 thousand;
- reclassification from the item “Profit/(loss) of previous years”, for a negative value of Euro 22,865 thousand, referring to the allocation of the result for the year 2019;
- reclassification from the item “Profit/(loss) of previous years”, for a positive value of Euro 13,727 thousand, carried out to provide a better representation of the reserves deriving from extraordinary transactions that took place in previous years;
- other positive changes for Euro 3 thousand.

Details on the breakdown of the item in question are provided below:

Description	Nature	Amount at 31/12/2023
Extraordinary reserve	Earnings carried forward	29,171
Negative Reserve for Treasury Shares	Earnings carried forward	(2,381)
Merger reserves	Capital reserves	4,355
Earnings carried forward tied to investment programmes relating to research projects	Earnings carried forward	4,239
Reserve for remeasurement of employee benefits plans (IAS 19)	Earnings carried forward	(1,005)
Currency translation reserve	Earnings carried forward and Capital reserves	(553)
Others	Earnings carried forward	(635)
Total Other Reserves		**33,191**

Profits/(Losses) from previous years

The item "**Profits/(losses) from previous years**" at 31 December 2023 was Euro (1,803) thousand compared to Euro (10,497) thousand at 31 December 2022. The change relates to:

- to the decrease relative to the allocation of the result from the previous year of Euro 441 thousand;
- reclassification to the item "Other Reserves", for a negative value of Euro 22,865 thousand, referring to the allocation of the result for the year 2019;
- reclassification to the item "Other reserves", for a positive value of Euro 13,727 thousand, carried out to provide a better representation of the reserves deriving from extraordinary transactions that took place in previous years;
- other negative changes for Euro 3 thousand.

Minority Shareholders' Interests

"Minority Shareholders' Interests" at 31 December 2023 were positive for Euro 101 thousand compared to Euro 85 thousand at 31 December 2022.

Reconciliation between Shareholders' Equity and Profit for the year of the Parent Company and Consolidated Shareholders' Equity and Profit for the year

Below is the statement of reconciliation between Shareholders' Equity and the Profit for the year resulting from the separate financial statements of the Parent Company Exprivia and those in the consolidated financial statements.

Description	Result at 31/12/2022	Shareholders' equity at 31/12/2022	Result at 31/12/2023	Shareholders' equity at 31/12/2023
Exprivia SpA	**11,974**	**85,290**	**12,930**	**97,095**
Contribution of consolidated companies (Shareholders' Equity and Profit)	(865)	3,357	(449)	3,501
Elimination of equity investments	988	(8,194)	1,133	(7,969)
Goodwill	-	2,280	-	2,280
Elimination of dividends	(547)	-	(457)	-
Other consolidation adjustments	(18)	24	-	33
Minority Shareholders' Interests	1	(85)	(16)	(101)
Total Group Shareholders' equity	**11,533**	**82,672**	**13,140**	**94,839**

NON-CURRENT LIABILITIES

3.16 Non-current payables to banks

At 31 December 2023, the balance of the item "**Non-current payables to banks**" amounted to Euro 9,935 thousand compared to Euro 15,398 thousand at 31 December 2022, and pertains to medium-term bank debt from major credit and financial institutions and to low-interest loans for specific investment programmes.

The table below provides details on the items and breaks down the non-current portion (Euro 9,935 thousand) and the current portion (Euro 18,714 thousand) of the loan payables.

Type	Contractual amount	Amount disbursed at 31/12/2023	Contract date	Expiry date	Repayment instalment	Rate applied	Residual capital at 31/12/2023	To be repaid within 12 months	To be repaid after 12 months
Loan	20,000	20,000	27/11/2020	30/09/2026	quarterly	Euribor + 1.60%	13,652	4,965	8,687
Loan	3,500	3,500	23/06/2017	23/06/2027	quarterly	Euribor + 2.75%	1,223	1,223	-
Loan	5,000	5,000	13/10/2023-15/12/2023	14/03/2024-18/03/2024	single installment	5.60%	5,030	5,030	-
Loan	2,500	2,000	18/12/2023	18/03/2024	single installment	4.87%	2,004	2,004	-
Loan	2,000	2,000	11/12/2023-14/12/2023-27/12/2023-	12/02/2024-10/03/2024-26/03/2024	single installment	5.35%- 4.50%	2,001	2,001	-
Loan	1,000	1,000	27/12/2023	26/03/2024	single installment	Euribor + 1.0%	1,000	1,000	-
Loan	2,000	2,000	24/10/2023	24/01/2024	single installment	Euribor + 0.60%	2,017	2,017	-
Loan	863	863	14/09/2016	17/11/2025	annual	0.31%	212	105	107
Loan	929	594	16/02/2017	30/06/2026	half-yearly	0.80%	250	91	159

Loan	455	455	27/09/2019	30/06/2029	half-yearly	0.16%	291	50	241
Loan	504	504	05/02/2020	31/12/2029	half-yearly	0.17%	348	54	294
Loan	336	336	14/10/2019	30/06/2029	half-yearly	0.16%	214	37	178
Loan	353	110	23/04/2021	31/12/2029	half-yearly	0.18%	79	13	66
Loan	100	58	01/07/2020	01/07/2025	monthly	6.92%	42	26	16
Loan	450	450	17/11/2020	31/10/2026	monthly	Euribor + 1.90%	288	101	186
							28,649	**18,714**	**9,935**

Medium-Term Loan Agreement

On 27 November 2020, Exprivia has signed with a pool of banks composed of Banca Popolare di Puglia and Basilicata S.c.p.a., in the role of arranger and lender, Banca Popolare Pugliese S.c.p.a. in the role of lender, Banca Finanziaria Internazionale SpA in the role of agent bank and SACE Agent, a medium-term loan agreement amounting to Euro 20 million, consisting of a single line of credit to be repaid in quarterly instalments by 30 September 2026, with a two-year grace period, at an annual interest rate equal to Euribor plus a spread of 1.60%, to which agency fees and up-front commissions were added.
The loan was granted in accordance to the Liquidity Decree of 9 April 2020, (Italian Decree Law no. 23 of 8 April 2020 converted into Italian Law no. 40 of 5 June 2020) and is backed by a SACE SpA guarantee covering 90% of the amount of the loan.
The loan provides for contractual conditions, commitments and terms in line with bank credit market standards for loans of the same amount and duration, such as representations and warranties, commitment covenants, limitations on significant extraordinary transactions, financial indebtedness and significant investments, obligation to maintain adequate insurance coverage, mandatory and optional early repayment clauses, cross default, etc. The loan prohibits the distribution of dividends and/or the purchase of treasury shares in the 12 months following the date of the Loan Request, as envisaged by the Liquidity Decree, therefore, a condition that no longer applies; subsequently, there is a limitation on the distribution of dividends, which may not exceed 25% of the net profit.
The loan also provides for certain financial covenants (Net financial debt/Ebitda, Net financial debt/SE), as better described in the
following table:

Reference date	Net financial debt/EBITDA	Net financial debt/Shareholders' Equity
31.12.2023	≤ 2.5	≤ 0.7
31.12.2024	≤ 2.0	≤ 0.7
31.12.2025	≤ 2.0	≤ 0.7
31.12.2026	≤ 2.0	≤ 0.7

These financial covenants calculated on a consolidated basis must be communicated within 15 days from the date of approval of the related financial statements.
The financial covenants, referring to the last calculation date, were respected.
At 31 December 2023, the residual debt amounted to Euro 13,652 thousand, Euro 8,687 thousand of which is to be repaid in 2025-2026 (and recorded under non-current liabilities) and Euro 4,965+ thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Banca del Mezzogiorno Mediocredito Centrale S.p.A. loan

A loan agreement of Euro 3,500 thousand executed in favour of the Parent Company Exprivia on 23 June 2017, to be repaid in quarterly instalments starting from 23 September 2017 until 23 June 2027. This is intended in part to fully repay the loan taken out in 2014 from the lending bank early, and in part to meet working capital requirements. The interest rate applied is the Euribor + 2.75% spread. The loan in question is backed by a first mortgage on the property located in via Giovanni Agnelli no. 5 in Molfetta for a total of Euro 7 million.

It should be pointed out that, by contract, the entire amount of the next two instalments was secured in the dedicated current account at 31 December 2023.

The residual debt at 31 December 2023 amounted to Euro 1,223 thousand, fully classified under current liabilities in compliance with international accounting standards, due to the capital decrease pursuant to art. 2447 of the Italian Civil Code of the investee Beta Tlc SpA in liquidation (formerly Italtel SpA), which would entitle the bank to terminate the loan agreement. It should be noted that, until the date of preparation of this Report, the bank has not exercised the right to terminate the agreement.

CUP 2.0 low-interest loan

This is a loan agreement of Euro 863 thousand executed in favour of Exprivia (formerly Exprivia Healthcare IT Srl), of which the full amount approved was disbursed at 31 December 2023. This loan is targeted at financing a research and development project pursuant to financial law no. 46/82 F.I.T - PON R & C 2007/2013 - MD 24-09-2009, Project A01/002043/01/X 17 regarding: Innovative services for booking CUP 2.0 healthcare services. The loan will expire on 17 November 2025 and bears a below-market fixed rate of interest of 0.3120%.

At 31 December 2023, the residual debt amounted to Euro 212 thousand, Euro 107 thousand of which is to be repaid in 2025 (and recorded under non-current liabilities) and Euro 105 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development – Istituto Finanziario Banca del Mezzogiorno Mediocredito Centrale S.p.A.

Low-interest loan approved in favour of Exprivia (formerly ACS Srl) up to a maximum of Euro 929 thousand and disbursed for Euro 594 thousand at 31 December 2023. The loan requires repayment in six-month instalments, expires on 30 June 2026 and bears a below-market fixed rate of interest of 0.80%. At 31 December 2023, the residual debt amounted to Euro 250 thousand, Euro 159 thousand of which is to be repaid in 2025-2026 (and recorded under non-current liabilities) and Euro 91 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development – Instamed project.

Low-interest loan approved and disbursed on 27 September 2019 for Euro 455 thousand in favour of Exprivia. The loan requires repayment in six-month instalments, expires on 30 June 2029 and bears a below-market fixed rate of interest of 0.16%. At 31 December 2023, the residual debt amounted to Euro 291 thousand, Euro 241 thousand of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 50 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development – Bigimaging project

Low-interest loan approved and disbursed on 14 October 2019 for Euro 336 thousand in favour of Exprivia. The loan requires a repayment in half-yearly instalments with maturity on 30 June 2029 and is subject to interest at a subsidised fixed rate of 0.16%. At 31 December 2023, the residual debt amounted to Euro 214 thousand, Euro 178 thousand of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 37 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development – Prosit project

Low-interest loan approved and disbursed on 5 February 2020 for Euro 504 thousand in favour of Exprivia. The loan requires repayment in six-month instalments, expires on 31 December 2029 and bears a below-market fixed rate of interest of 0.17%. At 31 December 2023, the residual debt amounted to Euro 348 thousand, Euro 294 thousand of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 54 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development – Finindustry project

Low-interest loan approved for Euro 353 thousand and disbursed on 23 April 2021 in the amount of Euro 110 thousand in favour of Exprivia. The loan requires repayment in six-month instalments, expires on 31 December 2029 and bears a below-market fixed rate of interest of 0.18%. At 31 December 2023, the residual debt amounted to Euro 79 thousand, Euro 66 thousand of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 13 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Loan from Banca Monte dei Paschi di Siena S.p.A.

Loan approved in favour of Hrcoffee Srl for Euro 450 thousand, signed on 17 November 2020; repayment is scheduled in monthly instalments starting on 30 June 2022 and ending on 31 October 2026 with an 18-month grace period. It is aimed at supporting working capital requirements and the interest rate applied is Euribor + 1.90% spread.

The loan in question is backed by a Cofidi guarantee pursuant to Italian Law no. 662/96. At 31 December 2023, the residual debt amounted to Euro 288 thousand, Euro 186 thousand of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 102 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Bankinter loan

The Group has an additional medium/long-term loan with Bankinter for Euro 100 thousand, obtained in 2020. At 31 December 2023, the residual debt amounted to Euro 42 thousand, Euro 26 thousand of which is to be repaid in 2025 (and recorded under non-current liabilities) and Euro 16 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

NET FINANCIAL DEBT

The Net Financial Debt format implements the ESMA guidelines on disclosure requirements pursuant to the "prospectus regulation" of 4 March 2021 (ESMA 32-382-1138) and Consob warning no. 5/21 of 29 April 2021. The application of the new format did not result in any changes with respect to the above.

Amounts in thousands of Euro			
		31/12/2023	**31/12/2022**
A.	Cash	49	58
B.	Other cash and cash equivalents	23,403	17,232
C 1.	Securities held for trading	2	2
C 2.	Treasury shares	5,355	4,458
D.	**Liquidity (A)+(B)+(C)**	**28,809**	**21,750**
E.	**Current financial receivables**	**674**	**710**
F.	Current bank payables	(13,428)	(4,665)
G.	Current portion of non-current debt	(5,441)	(14,594)
H.	Other current financial payables	(3,893)	(3,417)
I.	**Current financial debt (F)+(G)+(H)**	**(22,762)**	**(22,676)**
J.	**Current net financial debt (I)+(E)+(D)**	**6,721**	**(216)**
K.	Non-current bank debt	(9,935)	(15,398)
L.	Bonds issued	-	-
M.	Other non-current financial payables net of non-current financial receivables and derivative financial instruments	(4,015)	(2,717)
N.	**Non-Current financial debt (K)+(L)+(M)**	**(13,950)**	**(18,115)**
O.	**Net financial debt (J)+(N)**	**(7,229)**	**(18,331)**

Treasury shares held by the Parent Company (Euro 5,355 thousand) are included in the calculation of the net financial debt.

The changes in net liabilities resulting from financing activities is shown below, in accordance with IAS 7 - Statement of Cash Flows:

Amounts in thousands of Euro	31.12.2022		Monetary flows		Non-monetary flows	31.12.2023	
Current financial receivables	710		(36)		-	674	
Current bank payables and Current portion of non-current debt	(19,259)		5,661		(5,271)	(18,869)	
Other current financial payables	(3,416)		(476)		-	(3,892)	
Non-current bank debt	(15,398)		192		5,271	(9,935)	
Other non-current financial payables net of non-current financial receivables and derivative financial instruments	(2,717)		2,299		(3,598)	(4,015)	
Net liabilities deriving from financing activities	**(40,080)**		**7,640**	**(*)**	**(3,598)**	**(36,039)**	
Liquidity	21,750	**(**)**	7,059	**(***)**	-	28,809	**(**)**
Net financial debt	**(18,330)**		**14,700**		**(3,598)**	**(7,229)**	

(*) Flows shown in the Cash Flow Statement in the Cash flow generated (absorbed) by financing activities (see note 2 at the bottom of the Cash Flow Statement).

(**) In addition to cash and cash equivalents, the item "Liquidity" also includes treasury shares held by the Parent Company and "Other financial assets available for sale".

(***) Monetary flow of liquidity includes any changes due to the purchase of treasury shares not included in the Flow of cash and cash equivalents in the Statement of Cash Flows.

3.17 Other Non-current Financial Liabilities

The balance of "**other non-current financial liabilities**" at 31 December 2023 amounted to Euro 4,572 thousand compared to Euro 2,862 thousand at 31 December 2022. The details are provided below:

Description	31/12/2023	31/12/2022	Change
Non-current financial payables for leasing	4,558	2,847	1,711
Non-current payables to other lenders	10	10	-
Non-current derivative financial instruments	4	5	(1)
TOTALS	**4,572**	**2,862**	**1,710**

Non-current financial payables for leasing

The balance of "**non-current financial payables for leasing**" at 31 December 2023 came to Euro 4,558 thousand compared to Euro 2,847 thousand at 31 December 2022 and refers to the medium/long-term payment relating to contracts for leased assets measured in accordance with the IFRS 16 accounting standard.

Non-current payables to other lenders

The balance of "**non-current payables to other lenders**" at 31 December 2023 amounted to Euro 10 thousand, unchanged from 31 December 2022.

Non-current derivative financial instruments

The balance of "**Non-current derivative financial instruments**" at 31 December 2023 amounted to Euro 4 compared to Euro 5 thousand at 31 December 2022 and refers to: a financial derivative incorporated in the Euro 20,000,000.00 loan agreement signed on 27 November 2020 with a pool of banks, led by Banca Popolare di Puglia e Basilicata, due to the presence of a "floor zero" clause on the Euribor interest rate, valued in accordance with IAS 39.

3.18 Other Non-current Liabilities

The balance of "**other non-current liabilities**" at 31 December 2023 amounted to Euro 1 thousand compared to Euro 77 thousand at 31 December 2022.

3.19 Provision for Risks and Charges

At 31 December 2023, the item "Provision for risks and charges" amounted to Euro 390 thousand compared to Euro 233 thousand at 31 December 2022. The breakdown of this item is shown in the table below:

Description	31/12/2023	31/12/2022	Change
Provisions for staff risks	16	125	(109)
Provision for other risks	74	108	(34)
TOTALS	**90**	**233**	**(143)**

Changes during the year are provided below:

Description	31/12/2022	Uses/Payments	Other decreases	Provisions	31/12/2023
Provisions for staff risks	125	(81)	(28)	-	17
Provision for other risks	108	-	(58)	24	74
TOTALS	**233**	**(81)**	**(86)**	**24**	**90**

"**Provision for staff risks**", amounting to Euro 17 thousand at 31 December 2023 compared to Euro 125 thousand at 31 December 2022, related to provisions for dispute risks with former employees.

The "**Provision for other risks**" at 31 December 2023, equal Euro 74 thousand compared to Euro 108 thousand at 31 December 2022, is mainly attributable to the provision on risks for work in progress on projects.

3.20 Employee provisions

Employee severance indemnity

The amounts for the employee severance indemnity accrued after 31 December 2006 were paid to the Pension Fund Treasury and Union pension funds. The residual amount of the employee severance indemnity was Euro 6,609 thousand at 31 December 2023, compared to Euro 6,893 thousand at 31 December 2022. The fund is net of amounts deposited in funds and treasury. An actuarial assessment was performed on the liability in accordance with IAS 19 using the retrospective method, which requires recognition of actuarial gains/losses in the statement of comprehensive income. The cost regarding service and the interest payable concerning the time value component in the actuarial calculations are still recognised in the income statement.

The table below shows the changes in the fund in 2023:

Description	2023	2022
Initial value at 1 January	**6,893**	**7,990**
Changes in the Income Statement:	248	103
- cost relating to current services	13	28
- cost relating to past services		
- interest expense/(income)	235	75
Actuarial (gains) losses	**302**	**(516)**
- Actuarial (gains)/losses deriving from changes in demographic assumptions		
- Actuarial (gains)/losses deriving from changes in financial assumptions	166	(1,110)
- effect of adjustments based on past experience	136	594
Benefits paid	**(835)**	**(684)**
Closing value at 31 December	**6,609**	**6,893**

The table below shows the primary actuarial and financial assumptions used in the calculation:

Description	31/12/2023	31/12/2022
Discount rate	3.09%	3.67%
Inflation rate	2.00%	5.7% for 2023, 2.7% for 2024, 2.0% from 2025
Annual wage growth rate	3.50%	Inflation +1.50%
Annual employee severance indemnity increase fee	3.00%	5.78% for 2023, 3.53% for 2024, 3.0% from 2025
Mortality	Tav-RG48	Tav-RG48
Disability	Form INPS	Form INPS
Turnover	5.50%	5.50%
Advance probability	2.50%	2.50%
Advance amount in % of the provision for employee severance indemnity	70.00%	70.00%

The following table shows a sensitivity analysis for the relevant actuarial assumptions at the end of the year:

Sensitivity analysis					
Provision for employee benefits - Employee severance indemnity 31 December 2023					
Annual discount rate		Annual inflation rate		Annual turnover rate	
0.50%	-0.50%	0.25%	-0.25%	2.00%	-2.00%
6,374	6,858	6,679	6,540	6,638	6,576
Impact on post-employment benefits					
(235)	249	70	(69)	29	(33)

The following table shows an analysis of payment due dates for subsequent benefits:

(in thousands of Euro)	within 12 months	between 1 and 2 years	between 3 and 5 years	over 5 years	Total
Employee severance indemnity	555	472	1,126	6,374	8,528

Some of the general criteria used for the projections are described below. In order to meet the need to make assessments based on all the information available, a technical procedure was used known in the actuarial literature as MAGIS (actuarial method of years in operation on an individual basis and by means of random drawings).

This method is a Montecarlo-based stochastic simulation that makes it possible to develop projections of amounts payable for each employee while taking into account the demographic and salary data of each position without making aggregations and without introducing average values.

To make the procedure possible, draws are made for each employee year by year to determine elimination by death, invalidity and incapacity, resignation or termination.

Reliability is ensured by replicating the procedure a certain number of times until the results are stable.

The calculations were made by the number of years necessary for all the workers currently employed are no longer in service.

The projections were made on a closed group, meaning no new recruits were included.

In accordance with IAS 19, actuarial valuations were performed on the basis of the accrued benefit method using the Projected Unit Credit Method. This method makes it possible to calculate employee severance indemnities accrued at a certain date based on actuarial assumptions, distributing the charge for all remaining years workers are employed. It is no longer an expense to be paid if the company winds up its business at the reporting date, but gradually provisioning the charge according to the remaining service period of employees.

The method makes it possible to calculate certain demographic and financial variables at the reference date of the assessment, especially charges relating to service already rendered by employees represented by the DBO - Defined Benefit Obligation (also called Past Service Liability). It is obtained by calculating the present value of amounts due to the employee (employee severance indemnities) arising from seniority gained at the date of assessment.

For revaluation purposes, employee severance indemnities increased, with the exclusion of the amount accrued at the close of the year, through the application of a rate comprised of a fixed 1.50% and 75% of the inflation rate recorded by ISTAT with respect to December of the previous year; taxes of 17% were due on said revaluation.

The legislation also provides the possibility of requesting a partial advance of employee severance indemnities accrued when the employment relationship is still in progress.

3.21 Deferred tax liabilities

The item "**Deferred tax liabilities**" amounted to Euro 1,806 thousand compared to Euro 1,814 thousand at 31 December 2022, and refers to allocations for temporary changes that will be reversed in subsequent years.

Description	31/12/2023		31/12/2022	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Employee severance indemnity	77	35	377	107
Intangible assets	(1)	-	2	-
Goodwill	5,717	1,626	5,490	1,561
Buildings	382	105	382	105
Taxes	6	1	9	2
Adjustments for IFRS adjustment	138	39	138	39
TOTALS	**6,319**	**1,806**	**6,397**	**1,814**

The change in the item "**Goodwill**" is attributable to the release of the portion of tax amortisation relating to goodwill.

The following table shows the changes during the year:

Description	Value at 31/12/2022	Increases	Uses	Value at 31/12/2023
Employee severance indemnity	107	-	(72)	107
Goodwill	1,561	65	-	1,626
Buildings	105	-	-	105
Taxes	2	.	(1)	1
Adjustments for IFRS adjustment	39	-	-	39
Total	**1,814**	**65**	**(73)**	**1,806**

CURRENT LIABILITIES

3.22 Current bond issues

The “**current bond issues**” at 31 December 2022 included 9,178 for the bond loan called "Exprivia - 5.80% 2017 - 2023". At 31 December 2023, the balance is equal to zero as the loan was fully repaid on 14 December 2023.

3.23 Current payables to banks

At 31 December 2023, the item "**current payables to banks**" amounted to Euro 18,869 thousand compared to Euro 10,081 thousand at 31 December 2022 and refers, for Euro 18,714 thousand, to the current portion of payables for loans and mortgages (previously described under the item "non-current payables to banks", note 16) and Euro 155 thousand refers to current account overdrafts at major credit institutions.

3.24 Trade Payables

"**Trade payables**" amounted to Euro 33,770 thousand compared to Euro 27,273 thousand at 31 December 2022. The breakdown is shown in the table below:

Description	31/12/2023	31/12/2022	Change
Trade Payables to Suppliers	33,709	27,272	6,437
Trade Payables to Associated Companies	61	1	60
TOTALS	**33,770**	**27,273**	**6,497**

Trade Payables to Suppliers

"**Trade payables to suppliers**" amounted to Euro 33,709 thousand compared to Euro 27,272 thousand at 31 December 2022.

The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Invoices received Italy	19,846	16,597	3,249
Invoices received abroad	2,619	2,453	166
Invoices to consultants	107	196	(89)
Invoices to be received	11,143	8,026	3,117
TOTALS	**33,715**	**27,272**	**6,443**

The table below provides details of payables past due and falling due.

Trade payables	of which		past due days							
	to expire	expired	1-30	31-60	61-90	91-120	121-180	181-270	271-365	beyond
22,572	14,101	8,471	2,875	2,503	1,358	409	241	117	315	650
100.0%	62%	38%	13%	11%	6%	2%	1%	1%	1%	3%

Trade Payables to Associated Companies

"**Trade payables to associated companies**" amounted to Euro 61 thousand compared to Euro 1 thousand at 31 December 2022 and refers to payables due by the Parent Company to its associate Quest.it Srl.

3.25 Advance payments on work in progress contracts

At 31 December 2023, the item "**Advance payments on work in progress contracts**" amounted to Euro 5,850 thousand compared with Euro 6,194 thousand at 31 December 2022 and refers to the negative differential between payments on account or advances received and the economic development of the work in progress contracts at year end.

3.26 Other financial liabilities

"**Other financial liabilities**" amounted to Euro 3,893 thousand at 31 December 2023 compared to Euro 3,417 thousand at 31 December 2022.

The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Current financial payables to others	2,070	1,619	451
Current payables to suppliers of leasing goods	1,823	1,798	25
TOTALS	**3,893**	**3,417**	**476**

Current financial payables to others

The balance of the item "**current financial payables to others**" amounted to Euro 2,070 thousand compared to Euro 1,619 thousand at 31 December 2022. The change mainly refers, for Euro 297 thousand, to the assignment of receivables to factoring institutions.

Current payables to suppliers of leasing goods

The balance of the item "**current payables to suppliers of leasing goods**" at 31 December 2023 amounted to Euro 1,823 thousand compared to Euro 1,798 thousand at 31 December 2022 and refers to the current portion of the payable for lease agreements.

3.27 Other Current Liabilities

"**Other current liabilities**" amounted to Euro 43,101 thousand at 31 December 2023 compared to Euro 41,055 thousand at 31 December 2022.

The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Current payables to welfare and social security institutions	9,755	8,704	1,051
Other tax liabilities	4,914	6,711	(1,797)
Payables to parent companies	120	-	120
Payables related to staff	19,564	18,445	1,119
Other payables	8,748	7,195	1,553
TOTALS	**43,101**	**41,055**	**2,046**

Current payables to welfare and social security institutions

The balance of the item "**Current payables to welfare and social security institutions**" at 31 December 2023 amounted to Euro 9,755 thousand compared to Euro 8,704 thousand at 31 December 2022. The change is mainly due to the increase in contributions on accrued liabilities for holidays for Euro 365 thousand and higher INPS contribution costs for Euro 548 thousand, both pertaining to Exprivia.

Other tax liabilities

The balance of the item "**other tax liabilities**" at 31 December 2023 amounted to Euro 4,914 thousand compared to Euro 6,711 thousand at 31 December 2022. The change is mainly due to Exprivia's payables to tax authorities for VAT.

Payables to parent companies

The balance of the item "**payables to parent companies**" at 31 December 2023 amounted to Euro 120 thousand and refers to IRES payable pertaining to the subsidiary Exprivia Projects Srl to Abaco Innovazione SpA as a result of the participation in the Tax Consolidation.

Payables related to staff

The balance of the item "**payables related to staff**" at 31 December 2023 amounted to Euro 19,564 thousand compared to Euro 18,445 thousand at 31 December 2022. The change is mainly due to Exprivia's payable for accrued liabilities for holidays.

Other payables

The balance of the item "**other payables**" at 31 December 2023 amounted to Euro 8,748 thousand compared to Euro 7,195 thousand at 31 December 2022; it consists primarily of accrued expenses and deferred income of Euro 2,524 thousand, which includes pending revenues attributable to the subsequent year and advances on contributions for Euro 5,673 thousand pertaining to Exprivia SpA.

Explanatory Notes to the Consolidated Income Statement

Comments on the items in the income statement are provided below.

All the amounts reported in the tables below are in thousands of Euro, unless expressly indicated.

3.28 Revenues

Revenues from sales and services in 2023 amounted to Euro 195,029 thousand compared to Euro 176,099 thousand in the same period of 2022.

Description	31/12/2023	31/12/2022	Change
Projects and services	164,251	152,687	11,564
Maintenance	13,568	14,548	(980)
HW/SW third parties	14,358	5,718	8,640
Proprietary licences	2,172	2,259	(87)
Other	679	887	(208)
TOTALS	**195,029**	**176,099**	**18,830**

Below is information regarding revenues by customer type, public or private, and by geographical area:

Exprivia Group (amounts in thousands of Euro)	31/12/2023	% Incidence	31/12/2022	% Incidence
Private	148,209	76%	136,082	77.3%
Public	46,819	24%	40,017	22.7%
TOTALS	**195,029**		**176,099**	
Exprivia Group (amounts in thousands of Euro)	**31/12/2023**	**% Incidence**	**31/12/2022**	**% Incidence**
Italy	180,040	92.3%	158,478	90.0%
Abroad	14,988	7.7%	17,621	10.0%
TOTALS	**195,029**		**176,099**	

3.29 Other income

Other income in 2023 amounted to Euro 7,957 thousand compared to Euro 7,613 thousand in the same period of 2022. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Other revenues and income	758	805	(47)
Operating grants	5,498	5,341	157
Costs for capitalised internal projects	1,701	1,467	234
TOTALS	**7,957**	**7,613**	**345**

Other revenues and income

"**Other revenues and income**" in 2023 amounted to Euro 758 thousand compared to Euro 805 thousand in 2022 and refer mainly for Euro 317 thousand to income from the assignment of employee cars pertaining to Exprivia and for the remaining portion to sundry operating income.

Operating grants

In 2023 "**Operating grants**" amounted to Euro 5,498 thousand compared to Euro 5,341 thousand in 2022 and refer to grants and tax credits pertaining to the year or authorised in the year relating to funded research and development projects.

Costs for capitalised internal projects

"**Costs for capitalised internal projects**" amounted to Euro 1,701 thousand in 2023 compared to Euro 1,467 thousand in 2022 and refer to costs incurred in the year to develop products mainly for the Banking & Finance, Healthcare, Aerospace & Defence.

3.30 Costs for Sundry Consumables and Finished Products

The balance of the item "**costs for sundry consumables and finished products**" in 2023 amounted to Euro 13,412 thousand compared to Euro 4,825 thousand in the previous year. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Purchase of hw-sw products	13,352	4,738	8,614
Stationery and various consumables	40	65	(25)
Fuels and lubricants	17	12	5
Other costs	4	10	(6)
TOTALS	**13,412**	**4,825**	**8,587**

The change in the item "purchase of hw-sw products" is attributable to the higher purchases of hardware and software products for resale closely related to the increase in revenues.

3.31 Staff costs

The balance of the item "**Staff costs**" totalled Euro 116,345 thousand in 2023 compared to Euro 112,566 thousand in 2022. The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Remuneration and compensation	85,881	82,525	3,356
Social security charges	22,377	22,015	362
Employee severance indemnity	5,392	5,372	20
Other staff costs	2,695	2,654	41
TOTALS	**116,345**	**112,566**	**3,779**

The number of employees at 31 December 2023 came to 2,505, of which 2,499 employees and 6 temporary workers, while at 31 December 2022, the number of employees was 2,423 workers, of which 2,392 employees and 31 temporary workers.

The average for 2023 was 2,440 employees and 4 temporary workers, while the average for 2022 was 2,417 employees and 29 temporary workers.

3.32 Costs for Services

The consolidated balance of the item "**costs for services**" amounted to Euro 43,687 thousand in 2023 compared to Euro 37,188 thousand in 2022. The table below provides details on the items:

Description	31/12/2023	31/12/2022	Change
Technical and commercial consultancy	30,475	24,595	5,880
Administrative/corporate/legal consultancy	1,930	1,710	220
Statutory auditors' fees	100	101	(1)
Travel and subsistence expenses	1,075	720	355
Utilities	598	740	(142)
Advertising expenses/Entertainment expenses	778	726	51
Bank commissions	255	253	2
Hardware and software maintenance	5,306	4,602	704
Insurance and sureties	665	735	(70)
Other costs for services	2,505	3,008	(503)
TOTALS	**43,687**	**37,188**	**6,497**

It should be noted, as already reported in the paragraph "**Change in comparative data**", that for a better presentation of the figures for 2022, Euro 6 thousand was reclassified from the item "**costs for services**" to the item "**sundry operating expenses**" relating to trade associations expenses.

The change in the item "**other costs for services**" refers to the reduction in costs for temporary staff (Euro 818 thousand) and higher costs for services for resale (Euro 652) in correlation to the increase in revenues pertaining to Exprivia.

The statement below is provided in accordance with art. 149-duodecies of CONSOB Issuers' Regulation to show amounts paid to the independent auditors in 2023 for audit services and for other services provided by BDO Italia SpA and other entities belonging to its network.

The fees are shown net of the CONSOB contribution and reimbursement for expenses.

Type of services	Party providing the service	Recipient	Fee
Auditing services	BDO Italia SpA	Parent Company	119
		Subsidiaries	18
Statement on the Consolidated Non-Financial Statement	BDO Italia SpA	Parent Company	20
Services other than auditing (*)	BDO Italia SpA	Parent Company	4
TOTALS			**161**

- Compensation for financial data ISA 805

3.33 Costs for Leased Assets

The consolidated balance of the item "**costs for leased assets**" amounted to Euro 1,192 thousand in 2023 compared to Euro 832 thousand in 2022. The table below provides details on the items:

Description	31/12/2023	31/12/2022	Change
Rent payable	78	85	(7)
Car rental/leasing	45	28	17
Rental of other assets	333	180	153
Other	737	539	198
TOTALS	**1,192**	**832**	**360**

The item "**others**" is mainly attributable to software use costs (Euro 730 thousand) pertaining to Exprivia.

3.34 Sundry operating expenses

In 2023, the consolidated balance of the item "**sundry operating expenses**" amounted to Euro 2,560 thousand, compared to Euro 1,633 thousand in 2022. The table below provides details on these items.

Description	31/12/2023	31/12/2022	Change
Membership fees	284	207	78
Taxes and duties	356	377	(21)
Sanctions and fines	7	51	(44)
Donations	23	24	(1)
Losses on receivables	980	628	352
Other operating expenses	909	346	563
TOTALS	**2,560**	**1,633**	**928**

It should be noted, as already reported in the paragraph "**Change in comparative data**", that for a better presentation of the figures for 2022, Euro 6 thousand was reclassified from the item "**costs for services**" to the item "**sundry operating expenses**" relating to trade associations expenses.

The item "**losses on receivables**" refers to the loss on receivables from customers in concluded bankruptcy proceedings or for which the loss became certain during the year.

"**Other operating expenses**" include charges relating to tax credits no longer considered recoverable by the subsidiary Exprivia Mexico (Euro 526 thousand).

3.35 Changes in inventories

In 2023, the balance of the item "**changes in inventories**" amounted to Euro -982 thousand compared to Euro -22 thousand in the previous year. It refers to changes in finished products and goods.

3.36 Provisions and Write-downs of Current Assets

The consolidated balance of the item "**provisions and write-downs of current assets**" amounted to Euro -462 thousand in 2023 compared to Euro 1,572 thousand in 2022.

The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Bad debt provision	(599)	735	(1,334)
Provision for risks of legal disputes with employees	(39)	60	(99)
Other provisions	176	777	(601)
TOTALS	**(462)**	**1,572**	**(2,034)**

The item "**bad debt provision**", amounting to Euro -599 thousand, is mainly attributable to the use of the bad debt provision, for receivables no longer collectible and recorded as "losses on receivables" pertaining to Exprivia SpA.

The item "**provision for legal disputes with employees**" is attributable to provisions made for disputes with former employees.

The item "**other provisions**" is mainly attributable, for Euro -34 thousand, to the release of the provision for risks on a research project, for Euro 100 thousand, to the provision for inventory write-downs for products considered obsolete, both pertaining to Exprivia, and for Euro 110 thousand to the write-down of inventory for work in progress pertaining to the subsidiary Exprivia Messico SA de CV.

3.37 Amortisation, Depreciation and Write-downs of Non-Current Assets

The consolidated balance of the item "**Amortisation, depreciation and write-downs of non-current assets**" amounted to Euro 5,844 thousand in 2023 compared to a balance of Euro 5,923 thousand in 2022.

Amortisation and depreciation

In 2023, "**Amortisation and depreciation**" amounted to Euro 5,844 thousand compared with Euro 5,923 thousand in 2022 and refers for Euro 2,718 thousand to amortisation of intangible assets and for Euro 3,126 thousand to depreciation of property, plant and equipment. Details of the aforementioned items are provided in notes 1 and 3.

Write-downs

No write-downs of non-current assets were recognised in 2023.

3.38 Financial Income and (Charges) and other Investments

The balance of the item "**financial income and (charges) and other investments**" amounted to a negative Euro 3,278 thousand in 2023 compared with a negative balance of Euro 2,620 thousand in 2022. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Income from parent companies	4	17	(13)
Income from equity investments from others	-	(24)	24
Income other than the above	155	363	(208)
Interest and other financial charges	(3,354)	(2,609)	(745)
Charges from parent companies	-	(435)	435
Exchange (losses)/gains	(83)	68	(151)
TOTALS	**(3,278)**	**(2,620)**	**(658)**

Income from parent companies

The balance of the item "**income from parent companies**" amounted to Euro 4 thousand in 2023 compared to Euro 17 thousand in 2022 and refers to interest accrued from Abaco Innovazione SpA on a loan granted by Exprivia.

Income other than the above

The balance of the item in "**income other than the above**" stood at Euro 155 thousand in 2023 compared to Euro 363 thousand in 2022. The table below provides details on the item.

Description	31/12/2023	31/12/2022	Change
Bank interest income	35	4	34
Interest income from securities	88	57	31
Other interest income	25	106	(81)
Other Income	7	196	(189)
TOTALS	**155**	**363**	**(208)**

Interest and other financial charges

The balance of the item "**interest and other financial charges**" in 2023 amounted to Euro 3,354 thousand compared to Euro 2,609 thousand in the same period of 2022. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Bank interest expense	29	22	7
Interest on mortgages and loans	1,522	1,247	275
Other interest	1,301	1,071	230
Charges for financial and sundry products	232	176	56
Other charges	31	18	13
Interest cost IAS 19	240	76	164
TOTALS	**3,354**	**2,609**	**744**

The item "**sundry interest**" includes financial charges related to factoring transactions.

Exchange (losses)/gains

In 2023, the item "**exchange losses**" amounted to Euro 83 thousand compared with income on currency exchange of Euro 68 thousand in 2022 which mainly refers to the fluctuations in exchange rates due to the commercial transactions conducted in currencies other than the national currency used by the foreign companies in the Group.

3.39 Income taxes

In 2023, "**Income taxes**" amounted to Euro 4,955 thousand compared to Euro 5,042 thousand in 2022; the table below provides details on the changes compared to the previous year:

Description	31/12/2023	31/12/2022	Change
IRES	3,595	3,697	(102)
IRAP	1,140	1,159	(19)
Foreign taxes	46	65	(19)
Taxes from previous years	(17)	(18)	1
Deferred tax liabilities	64	148	(84)
Deferred tax assets	127	(9)	136
TOTALS	**4,955**	**5,042**	**(86)**

The Parent Company Abaco Innovazione SpA acts as the consolidating company and determines a single taxable result for the companies under National Tax Consolidation in accordance with art. 117 of T.U.I.R., that is to say the companies Exprivia SpA and Exprivia Projects Srl.

Each company under Tax Consolidation contributes taxable income or tax loss to Abaco Innovazione SpA, recognising a payable/receivable for the subsidiaries, equal to the applicable IRES and tax losses used in the Tax Consolidation. The consolidated financial statements include the payable to the tax authorities for the Group's IRES taxes, net of tax credits.

Please note that the Group has benefited from the income tax break deriving from the use of intellectual property, introduced by article 6 of Italian Decree Law no. 146 of 21 October 2021, converted with amendments by Italian Law no. 215 of 17 December 2021, as subsequently amended by Italian Law no. 234 of 30 December 2021.

3.40 Profit (loss) for the year

The 2023 Income Statement closed with a consolidated profit (after tax) of Euro 13,159 thousand compared with Euro 11,533 thousand in 2022.

3.41 Basic/diluted Earnings (Losses)

Information on figures used to calculate earnings per share and diluted earnings is provided below in accordance with IAS 33.

Earnings (losses) per share is calculated by dividing the profit for the year as reported in the consolidated financial statements drawn up in accordance with IAS/IFRS, attributable to ordinary shareholders of the Parent Company, excluding the treasury shares, by the average number of ordinary shares in circulation during the year.

For the purpose of calculating basic earnings per share, the economic result for the year minus the amount attributable to minority interests was used in the numerator. In addition, there are no privileged dividends, conversion of privileged shares and other diluting shares, which could adjust the economic result attributable to holders of ordinary capital instruments.

At 31 December 2023, the basic and diluted earnings per share amounted to Euro 0.2748.

Description (amounts in Euro)	for the 12 months ended 31/12/2023
Earnings/(losses) for the determination of basic earnings/(loss) per share (Net profit/(loss) pertaining to shareholders of the parent company)	13,141,250
Earnings/(losses) for the determination of the basic earnings/(loss) per share	13,141,250
Number of shares	**31.12.2023**
Number of ordinary shares at 1 January 2023	51,883,958
Treasury shares at 31 December 2023	5,719,207
Weighted average number of treasury shares	4,062,643
Weighted average number of ordinary shares for the calculation of the basic profit	47,821,315
Earnings per share (Euro)	**for the 12 months ended 31/12/2023**
Basic earnings (losses) per share	0.2748
Diluted earnings (losses) per share	0.2748

3.42 Information on the Cash Flow Statement

Cash flows from operating activities were positive in the amount of Euro 19.3 million, the management of current assets and liabilities absorbed cash flows of Euro 2.3 million, cash flows from investing activities absorbed cash of Euro 2.7 million, and cash flows absorbed by financing activities amounted to Euro 8 million.

Taxes and financial charges paid during the year amounted to Euro 7.8 million.

4. OTHER INFORMATION

Contributions and economic benefits received from public administrations

Pursuant to art. 1, paragraph 125, of Italian Law no. 124 of 2017, the statement below provides information relating to contributions and other economic benefits received in cash from the Italian public administrations in the course of 2023; the amounts are expressed in thousands of Euro.

Type	Lender	Project	Amount collected 31/12/2023
Lost fund	Puglia Region	Smart Future Organic Farm	11
Lost fund	Meditech	Tiam	56
Lost fund	Puglia Region	Olive Matrix	11
Lost fund	MISE	Prosit	454
Lost fund	MUR	Mitigo	58
Lost fund	INPS	Temporary Crisis Framework from July 2022	2
Lost fund	MUR	Across	219
Lost fund	MUR	Si-Robotics	381
Lost fund	Lazio Region	HEAL9000	6
Lost fund	Puglia Region	Innolabs Farma4All	47
Lost fund	Puglia Region	Secure Safe Apulia	2,197
Total			**3,443**

It should be noted that on 2 June 2023 the research project called Prosit "Development, application and validation of Products, Processes and Services for Digital Health" identified under number F/080028/01- was completed. 04/X35, funded by the Ministry for Economic Development (subsidies provided for in Article 6 of the Decree of 1 June 2016, under Axis 1, action 1.1.3 of the National Operational Programme "Imprese e Competitività" 2014-2020 FERS - Large PON Projects - Digital Agenda). With a total duration of 48 months, the project was carried out by Exprivia SpA as Lead Partner, as well as by the partner companies STMicroelectronics Srl and Masmec SpA, and involved the creation of a clinical collaboration platform for the diagnosis, treatment and monitoring of cardiovascular diseases.

Related Parties

In the Exprivia Group, there are relations between entities, parent companies, subsidiaries and associated companies and with other related parties.

Inter-company Relations

The Group companies constantly collaborate with each other to optimise human resources and for technological and application development.

Transactions between Exprivia and the companies included in the scope of consolidation essentially consist of services and the exchange of software products. They are part of ordinary operations conducted at market conditions, meaning at the conditions that would be applied between independent parties. All transactions are carried out in the interest of the companies involved.

The tables below show amounts for commercial relations, financial relations and those of other kinds by the parent company with companies included in the scope of consolidation.

The amounts shown in the following tables are in thousands of Euro.

Non-Current Financial Receivables

Description	31/12/2023	31/12/2022	Change
Exprivia Mexico SA de CV	-	903	(903)
Exprivia Asia Ltd	914	914	-
TOTALS	**914**	**1,817**	**(903)**

Trade Receivables

Description	31/12/2023	31/12/2022	Change
Consorzio Exprivia Scarl	244	206	37
Exprivia Mexico SA de CV	162	110	53
Exprivia Projects Srl	1,406	574	833
Exprivia SLU	94	135	(41)
Spegea S. c. a.r.l.	148	86	62
HR Coffee Srl	6	14	(8)
Exprivia IT Solutions Shanghai	58	73	(15)
TOTALS	**2,118**	**1,197**	**921**

Work in Progress

Description	31/12/2023	31/12/2022	Change
Spegea Scarl	20	-	20
Consorzio Exprivia Scarl	416	175	241
TOTALS	**435**	**175**	**261**

Other Current Receivables

Description	31/12/2023	31/12/2022	Change
Receivable from Exprivia Projects for IRES from tax consolidation	-	255	(255)
Receivable from Exprivia Projects for VAT	296	187	109
Receivable from Spegea for IRES from tax consolidation	6	6	-
TOTALS	**302**	**448**	**(147)**

Current Financial Receivables

Description	31/12/2023	31/12/2022	Change
Exprivia SLU	-	102	(102)
Spegea Scarl	6	3	3
TOTALS	**6**	**105**	**(99)**

Non-current financial payables

Description	31/12/2023	31/12/2022	Change
Exprivia Chile SpA	1	1	-
TOTALS	**1**	**1**	**-**

Trade Payables

Description	31/12/2023	31/12/2022	Change
Exprivia Mexico SA De CV	-	40	(40)
Exprivia Projects Srl	260	140	120
HR COFFEE Srl	-	61	(61)
Exprivia SLU	136	42	94
ACS GMBH	260	156	104
Spegea S.c. a r.l.	285	31	254
Exprivia It Solution Shanghai	11	-	11
TOTALS	**952**	**469**	**481**

Current Financial Payables

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	1,779	1,860	(81)
Spegea S.c. a r.l.	2	2	-
TOTALS	**1,781**	**1,862**	**(81)**

Other Current Payables

Description	31/12/2023	31/12/2022	Change
Consorzio Exprivia for VAT	-	62	(62)
HR Coffee for consolidated IRES	-	171	(171)
TOTALS	**-**	**233**	**(233)**

Trade Revenues

Description	31/12/2023	31/12/2022	Change
Spegea Scarl	89	11	78
Exprivia Projects Srl	1,909	1,048	861
Exprivia Shanghai	-	15	(15)
Exprivia Mexico SA de CV	(172)	(234)	63
Consorzio Exprivia Scarl	2,213	2,541	(328)
HR COFFEE Srl	6	6	-
TOTALS	**3,749**	**3,387**	**362**

Trade Costs

Description	31/12/2023	31/12/2022	Change
Spegea Scarl	288	146	142
Exprivia Projects Srl	306	214	93
Exprivia SLU	480	420	60
ACS GmbH	820	703	117
Exprivia It Solutions Shanghai	11	-	-
Hr Coffee Srl	60	50	10
Exprivia Mexico SA De CV	-	43	(43)
TOTALS	**1,965**	**1,576**	**389**

Revenues/Costs for Seconded Personnel

Description	31/12/2023	31/12/2022	Change
Revenues from seconded personnel to Exprivia Projects	(66)	-	(66)
Costs for seconded personnel to Exprivia Projects	234	234	(14)
TOTALS	**154**	**234**	**(80)**

Income from equity investments in subsidiaries

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	457	547	(90)
TOTALS	**457**	**547**	**(90)**

Financial Income (interest income on loans)

Description	31/12/2023	31/12/2022	Change
Exprivia SLU	-	3	(3)
TOTALS	**-**	**3**	**(3)**

Financial Charges

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	108	82	26
TOTALS	**108**	**82**	**26**

Relations with Parent Companies

For information concerning relations with the parent company, see the Directors' Report in the sections "Group Relations with the Parent Company" and "Report on Management and Coordination Activities".

The values expressed in the tables are in thousands of Euro.

Current Financial Receivables

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA_current financial receivables from parent companies	-	475	(475)
TOTALS	**-**	**475**	**(475)**

Trade Receivables

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA_trade receivables from parent companies	51	46	5
TOTALS	**51**	**46**	**5**

Other Current Receivables

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA_other current financial receivables from the parent company	274	-	274
TOTALS	**274**	**-**	**274**

Financial Costs (guarantees)

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA_financial costs from parent companies	-	435	(435)
TOTALS	**-**	**435**	(**435**)

Financial Income (interest income on loans)

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA_financial income from parent companies	9	17	(8)
TOTALS	**9**	**17**	**(8)**

Relations with Associated Companies

Relations with Associated Companies consist primarily of services and the exchange of products. They are part of ordinary business operations and are settled at market conditions, i.e. on the terms that would have applied between two independent parties. All transactions are carried out in the interest of the Group.

The table below provides information on relations with Associated Companies: values are expressed in Euro units.

Equity Investments in associated companies

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	498	498	-
URBANFORCE SCARL	8	8	-
TOTALS	**506**	**506**	**-**

Trade Receivables

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	-	151	(151)
TOTALS	**-**	**151**	**(151)**

Trade Payables

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	61	1	60
TOTALS	**61**	**1**	**60**

Trade Costs

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	156	35	120
TOTALS	**156**	**35**	**120**

Revenues

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	-	202	(202)
TOTALS	**-**	**202**	**(202)**

Relations with Other Related Parties

Transactions carried out by the Group with other related parties essentially consist of services and the exchange of products. They are part of ordinary operations conducted at market conditions, meaning at the conditions that would be applied between independent parties. All transactions are carried out in the interest of the companies involved.

The table below provides information on relations with other related parties of the Exprivia Group.

The amounts in the following tables are in thousands of Euro.

Trade Payables

Description	31/12/2023	31/12/2022	Change
Giuseppe Laterza & Figli SpA	6	12	(6)
TOTALS	**6**	**12**	**(6)**

Trade Costs

Description	31/12/2022	31/12/2021	Change
Giuseppe Laterza & Figli SpA	10	27	(17)
TOTALS	**10**	**27**	**(17)**

As per the requirements of CONSOB resolution no. 11520 of 1 July 1998, the table below illustrates the remuneration for Directors, Statutory Auditors and Key Executives. For further information, see the “Remuneration Report” available on the Company website (www.exprivia.it) in the section Corporate – Corporate Governance - Corporate Information.

The values shown in the table are expressed in thousands of Euro.

Offices	Fixed remuneration	Remuneration for participation in committees	Wages and salaries	Other incentives	Fixed remuneration	Remuneration for participation in committees	Wages and salaries	Other incentives
Directors	454	102	271	431	454	102	267	328
Board of Statutory Auditors	90	-	-	-	89	-	-	-
Strategic executives	-	-	255	69	-	-	233	77
TOTALS	**544**	**102**	**526**	**501**	**543**	**102**	**500**	**405**

Transactions with related parties essentially consist in services and the exchange of products. They are part of ordinary business operations and are settled at market conditions, i.e. on the terms that would have applied between two independent parties. All transactions are carried out in the interest of the Company involved.

There are no advances or loans to directors or statutory auditors and no commitments have been undertaken on behalf of the management body due to guarantees of any kind having been given.

4.3 Contingent Liabilities

There are no contingent liabilities not recorded in the balance sheet.

4.4 Events after 31 December 2023

On **29 January 2024**, Exprivia SpA appointed Deloitte & Touche S.p.A., as an expert appointed by the Court of Bari, to issue the legal certifications pursuant to Articles 2501-sexies and 2501-bis, paragraph 4, of the Italian Civil Code, for the merger by incorporation of Exprivia into Abaco3 S.p.A., envisaged in the offer document published by Abaco 3 S.p.A. and aimed at delisting.

It should be noted that, in consideration of the shareholding relationship between Exprivia S.p.A. and Abaco3 at the end of the Offer, the fact that Abaco3 S.p.A. is wholly owned by Abaco Innovazione S.p.A., as well as the significance of the merger, the same constitutes a transaction of greater significance between related parties pursuant to and for the purposes of the Regulation on Transactions with Related Parties issued with Consob resolution no. 17221 of 12 March 2010, as amended, and of the procedure on transactions with related parties, approved by Exprivia's Board of Directors pursuant to art. 2391-bis of the Italian Civil Code and of the Regulation itself.

Molfetta, 11 March 2024

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Mr Domenico Favuzzi

Certification of the Consolidated Financial Statements pursuant to art. 154-bis of Italian Legislative Decree no. 58/98

The undersigned Domenico Favuzzi, Chairman and CEO, and Donato Dalbis, Executive manager responsible for preparing the corporate accounts of Exprivia, certify the following, taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Company and
- the effective application of administrative and accounting procedures to draft the consolidated financial statements for the reporting period at 31 December 2023.

Furthermore, it is certified that the consolidated financial statements:

a) were prepared in accordance with International Financial Reporting Standards (IFRS), which were adopted by the European Commission with regulation 1725/2003 as amended, and are suitable for giving an accurate and correct representation of the equity, economic and financial situation of the company;

b) the Directors' Report includes a reliable analysis that is consistent with the financial statements, operating trends and results, and also the situation of the company, together with the description of the main risks and uncertainties.

Molfetta, 11 March 2024

Domenico Favuzzi	**Donato Dalbis**
Chairman and Chief Executive Officer	Executive manager responsible for preparing the corporate accounts

Independent Auditors' Report on the Consolidated Financial Statements of the Exprivia Group at 31 December 2023

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20131 Milano

Independent auditor's Report

pursuant to article 14 of Legislative Decree no. 39, dated January 27, 2010 and article 10 of Regulation (EU) 537/2014

To the Shareholders of
Exprivia S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Exprivia Group (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of Exprivia S.p.A. (the "Company") in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The consolidated financial statements of the Exprivia group as at 31 December 2022 were audited by another auditor who, on 30 March 2023, expressed an unmodified opinion on these financial statements.

Key audit matters

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

Key audit matter	Audit response
Evaluation of the recoverability of the book value of goodwill *Note 2.2.7.2 and Note 3.2 - "Goodwill" of the Explanatory Notes to the Consolidated financial statements as at December 31, 2023 of Exprivia Group.* The value of goodwill as at December 31, 2023 amounts to approximately 69 million euros, corresponding to approximately 31 percent of total consolidated assets. The recoverability of goodwill as 31 December 2023 was verified by the directors through the comparison between the book value of the IT Cash Generating Unit to which the goodwill is allocated and the related value in use, identifiable as the actual value of the future cash flows that are expected to be guaranteed by the IT Cash Generating Unit using the Discounted Cash Flow Model. Operating cash flow projections, related to the period of five years considered, are based on plans submitted for approval by the Board of Directors of Exprivia S.p.A. on 28 February 2024. The terminal value of the IT Cash Generating Unit was calculated as the actual value of the perpetual income obtained by capitalizing the cash flow generated in the last forecast period at a long-term growth rate (G-rate) equal to the average of the long-term inflation rates expected for the main countries in which the IT Cash Generating Unit operates. Both the discount rate (WACC) and the long-term growth rate (G-rate) were determined with the support of an independent expert. From the impairment test carried out, no loss in value emerged that should be reflected in the consolidated financial statements as at 31 December 2023. Furthermore, the Group carried out a sensitivity analysis based on the changes in the discount rate, G-rate and estimated EBITDA as well as the combined change in the variables mentioned. The analysis carried out highlighted that the values in use are higher than the book values. The item "Goodwill" was considered relevant for the purposes of audit work both was considered relevant to the audit work due to both the significance of the amount and the technical complexity of the process of estimating its recoverable amount, based on assumptions and valuation assumptions influenced by economic and market conditions subject to uncertainties typically related to the determination of cash flows and the discount rate.	We have understood the methodology adopted by the company management in preparing the impairment test approved by the Board of Directors of Exprivia S.p.A. on 28 February 2024. We have verified the identification criteria of the IT Cash Generating Unit in line with the Group structure. We have verified the concordance of the future cash flows expected for the IT Cash Generating Unit with the data approved by the Company's Board of Directors. We analyzed the main assumptions used in preparing the forecast plans of the IT Cash Generating Unit and assessed the consistency and reasonableness of the prospective data used by the Company with respect to what is required by the accounting standard IAS 36, the results achieved in previous years and the sources of information external. We verified the mathematical accuracy of the main data contained in the impairment test and recalculated the discount rate and the long-term growth rate taking into account the expected inflation estimates. We have re-examined the sensitivity analysis prepared by the Company from a mathematical point of view. The audit procedures were carried out with the assistance of experts in evaluation models, members of the BDO Italia network. Finally, we considered the adequacy of the disclosures presented in the financial statements.

BDO

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree no. 38/05 and, in the terms prescribed by the law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company Exprivia S.p.A. or to cease operations, or has no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISA Italia, we exercised professional judgment and maintain professional skepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

BDO

We have communicated with Those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with ethical and independence requirements applicable in Italy, and we have communicated all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate relevant risks or the safeguards measures applied.

From the matters communicated with Those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described those matters in our auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

We were initially engaged by the Shareholders meeting of Exprivia S.p.A. on 27 April 2023 to perform the audits of the Company's and the consolidated financial statements of the Group of each fiscal year starting from 31 December 2023 to 31 December 2031.

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

We confirm that the opinion on the consolidated financial statements of Exprivia S.p.A. included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of Regulation (EU) 537/2014, submitted to Those charged with governance.

Reports on other legal and regulatory requirements

Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815

The Directors of Exprivia S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF - European Single Electronic Format) (hereinafter the "Delegated Regulation") to the consolidated financial statements, to be included in the Annual financial report.

We have performed the procedures required under Auditing Standard (SA Italia) no. 700B in order to express an opinion on the compliance of the consolidated financial statements at December 31, 2023 to the requirements of the Delegated Regulation.

In our opinion, the consolidated financial statements at December 31, 2023 have been prepared in XHTML format in compliance to the requirements of Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree no. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree no. 58, dated 24 February 1998

The Directors of Exprivia S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Exprivia S.p.A. as at December 31, 2023, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph 4, of Legislative Decree no. 58/98, with the consolidated financial statements of Exprivia Group as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of Exprivia Group as at December 31, 2023 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph 2, (e), of Legislative Decree no. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement in accordance with article 4 of Consob Regulation in application of Legislative Decree no. 254 of December 30, 2016

The Directors of Exprivia S.p.A. are responsible for the preparation of the consolidated non-financial statement pursuant to Legislative Decree no. 254 of December 30, 2016. We have checked that the Directors had approved the consolidated non-financial statement.

According to article 3, paragraph 10, of Legislative Decree no. 254 of December 30, 2016 we attested the compliance of the consolidated non-financial statement separately.

Milan, March 26, 2024

BDO Italia S.p.A.
Signed by

Vincenzo Capaccio
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Statutory Auditors’ Report to the General Shareholders’ Meeting pursuant to art. 153 of Italian Legislative Decree no. 58/98 ("T.U.F.") and art. 2429 of the Italian Civil Code

Exprivia S.p.A.

Head Office Molfetta (BA), Via Adriano Olivetti 11

Tax Code 00721090298

VAT No. 09320730154

Report of the Board of Statutory Auditors to the Shareholders' Meeting

pursuant to Article 153 of Italian Legislative Decree 58/98 and Article 2429, paragraph 2, of the Italian Civil Code

Dear Shareholders,

This report, drawn up pursuant to Article 153 of Italian Legislative Decree No. 58/1998 (the Consolidated Finance Act, hereinafter also the "TUF") and Article 2429, paragraph 2, of the Italian Civil Code, reports on the activity carried out by the Board of Statutory Auditors of Exprivia S.p.A. (hereinafter also the "Company" or "Exprivia") in the financial year ending 31 December 2023, in compliance with the relevant legislation, also taking into account the "Rules of Conduct of the Board of Statutory Auditors of Listed Companies" recommended by the Italian National Council of Chartered Accountants and Accounting Experts, the CONSOB provisions on corporate controls and the provisions contained in the Corporate Governance Code promoted by Borsa Italiana. Furthermore, having adopted the traditional governance model, Exprivia's Board of Statutory Auditors identifies itself as the "Internal Control and Audit Committee", which is responsible for further specific control and monitoring functions in terms of financial reporting and statutory audit, provided for by Article 19 of Italian Legislative Decree No. 39 of 27 January 2010, as amended by Italian Legislative Decree No. 135 of 17 July 2016. The Board of Statutory Auditors also reports on the supervisory activity carried out with reference to the obligations relating to non-financial information pursuant to Italian Legislative Decree No. 254/2016.

The Board of Statutory Auditors in office on the date of this report was appointed by the Shareholders' Meeting of 23 June 2021, with term of office expiring on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2023.

During the 2023 financial year, the Board of Statutory Auditors carried out the activities for which it was responsible, holding fourteen meetings. In the same year, the Board of Statutory Auditors participated in the Shareholders' Meeting held on 27 April 2023 and in all twelve meetings of the Board of Directors.

In addition, during the 2023 financial year, the Chair of the Board of Statutory Auditors and at least one member of the Board participated in all twelve meetings of the Integrated Internal Committee set up within the Board of Directors, which, in compliance with the recommendations of the Corporate Governance Code, brings together the investigation, proposal and advisory functions in relation to Appointments, Remuneration, Control and Risks, as well as Related-Party Transactions (hereinafter "RPT") pursuant to and for the purposes of the Regulations for transactions with related parties pursuant to CONSOB Resolution 17221 of 12 March 2010 and subsequent amendments and additions and the procedure for related-party transactions adopted by the Company.

During the 2023 financial year, the Board of Statutory Auditors met five times with the Supervisory Body, including jointly with the Integrated Internal Committee, to mutually exchange information.

The statutory audit was assigned, pursuant to the TUF and Italian Legislative Decree No. 39/2010 (as subsequently amended by Italian Legislative Decree No. 135/2016), to the Independent Auditors BDO Italia S.p.A. (hereinafter "BDO" or the "Independent Auditors"), as resolved by the Shareholders' Meeting of 27 April 2023 for the nine-year period 2023-2031 with expiry of the mandate upon approval of the financial statements as at 31 December 2031.

Exprivia shares are currently listed on the Euronext Milan market (formerly MTA) of Borsa Italiana S.p.A., and effective 22 July 2020, the Company requested and obtained from Borsa Italiana the exclusion of its treasury shares from the STAR classification and the transfer of said shares to Euronext Milan, therefore informing CONSOB of its re-inclusion under the definition of SME pursuant to Article 1(1), letter w-quater 1), of the TUF.

1. SUPERVISORY ACTIVITIES

1.1 Supervisory activity on compliance with the laws, regulations and statutory provisions

The supervisory tasks of the Board of Statutory Auditors are governed by Article 2403 of the Italian Civil Code, the TUF and Italian Legislative Decree No. 39/2010. The Board has taken into account the changes made to Italian Legislative Decree No. 39/2010 by Italian Legislative Decree No. 135/2016, in implementation of Directive 2014/56/EU and of Regulation (EU) No. 537/2014. With regard to the supervisory activities carried out during the year, considering the indications provided by CONSOB with communication No. DEM/1025564 of 6 April 2001, amended and integrated with communication No. DEM/3021582 of 4 April 2003 and, subsequently, with communication No. DEM/6031329 of 7 April 2006, the Board declares as follows:

The Board of Statutory Auditors periodically obtained from the directors, through participation in the meetings of the Board of Directors and the Integrated Internal Committee, information on the activity carried out and on the most significant economic, financial and equity transactions approved and put in place during the year, carried out by the Company, as well as, pursuant to Article 150, paragraph 1, of the TUF, and on those put in place by the subsidiaries. On the basis of the information available, the Board of Statutory Auditors can reasonably assure that the transactions themselves comply with the law and the Articles of Association and are not manifestly imprudent, risky, in conflict with the resolutions of the Shareholders' Meeting or such as to compromise the integrity of the Company's assets. In addition, transactions involving a potential conflict of interest were resolved in accordance with the law, regulatory provisions and the Articles of Association.

The Board of Statutory Auditors supervised the decision-making processes of the Board of Directors and verified that the management decisions were in compliance with the applicable regulations (substantive legitimacy), adopted in the interest of the Company, compatible with the Company's resources and assets and adequately supported by information, analysis and verification processes.

The Board of Statutory Auditors supervised compliance with the disclosure obligations regarding regulated or privileged information or information required by the supervisory authorities, ascertaining that each of the Company's bodies and functions has met the disclosure obligations envisaged by the applicable legislation.

Without prejudice to the specific tasks assigned to the Independent Auditors in terms of accounting control and verifying the reliability of the Separate and Consolidated Financial Statements, the Board of Statutory Auditors carried out its own checks on compliance with the law relating to the drafting of the Separate Financial Statements and Consolidated Financial Statements of the Group as at 31 December 2023, the respective Explanatory Notes and the Management Report accompanying them, directly with the assistance of the Financial Reporting

Officer and their department, as well as through the information obtained from the Independent Auditors, and on this point it has no observations to put forward to the Shareholders' Meeting.

During the course of its oversight activities, the Board of Statutory Auditors acknowledged the following events which characterised 2023:

- On 15 March 2023, Exprivia's Board of Directors approved the annual report as at 31 December 2022.
- On 31 March 2023, following the equity instrument holders' consent on 16 March 2023, BETA TLC S.p.A. recorded its liquidation, resolved by the company's Shareholders' Meeting on 27 June 2022 subject to the existing equity instrument holders' favourable opinion, in the Register of Companies.
- On 27 April 2023, the Ordinary Shareholders' Meeting of Exprivia approved the financial statements as at 31 December 2022. The Shareholders' Meeting resolved to allocate the profit for the year to the Extraordinary Reserve. The Shareholders' Meeting appointed BDO Italia S.p.A. to audit the accounts for the period 2023-2031. Moreover, the Ordinary Shareholders' Meeting has approved the issuance of a new authorisation to purchase and sell treasury shares.
- On 31 May 2023, pursuant to and for the purposes of Article 102, paragraph 1, of the Consolidated Finance Act (TUF) and Article 37 of the Issuers' Regulation, Abaco Innovazione S.p.A., Exprivia Group's parent company, announced that it had decided to promote a voluntary tender offer pursuant to articles 102 et seq. of the TUF through a newly established corporate vehicle in the form of an Italian joint-stock company with share capital entirely held by Abaco Innovazione, aimed at: (i) acquiring all Exprivia ordinary shares and (ii) delisting the Shares from Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A.
- On 15 June 2023, pursuant to and for the purposes of Article 102, paragraph 3, of the TUF and Article 37-ter of the Issuers' Regulation, Abaco3 S.p.A., a newly established special purpose company whose share capital is entirely held by Abaco Innovazione S.p.A., announced that it had filed with CONSOB the offer document (the "Offer Document"), intended for publication, relating to the full voluntary tender offer pursuant to articles 102 et seq. of the TUF, concerning the ordinary shares of Exprivia.
- On 14 July 2023, pursuant to art. 38, paragraph 2, of the Issuers' Regulation, Abaco3 S.p.A., a newly established special purpose company whose share capital is entirely held by Abaco Innovazione S.p.A., announced the publication of the Offer Document - approved by CONSOB with resolution no. 22771 of 12 July 2023 - relating to the full voluntary tender offer promoted by Abaco3, pursuant to arts. 102 et seq. of the TUF, concerning the ordinary shares of Exprivia.
- On 18 July 2023, the Board of Directors of Exprivia S.p.A. unanimously approved the press release drawn up pursuant to Article 103, paragraph 3, of the TUF, and Article 39 of the Issuers' Regulation, relating to the Board of Directors' reasoned assessment on the full voluntary tender offer promoted by Abaco3 S.p.A., pursuant to and for the purposes of Articles 102 et seq. of the TUF (the "Offer"). The Board of Directors acknowledged the Offer and the terms and conditions of the same described in the offer document prepared by the Offeror, and published on 14 July 2023. The Board of Directors also analysed (i) the positive opinion issued on 14 July 2023 by the Issuer's Independent Directors pursuant to Article 39-bis of the Issuers' Regulation, as well as (ii) the fairness opinion issued by KPMG Corporate Finance, a division of KPMG Advisory S.p.A., in its capacity of independent advisor to the Independent Directors, pursuant to Article 39-bis, paragraph 2, of the Issuers' Regulation, which the Board of Directors also availed itself of. The Board of Directors expressed its assessments on the Offer and, in particular, considered the Company's ordinary shares unit price of EUR 1.60 to be paid through the Offer to be fair from a financial point of view.

- On 6 September 2023, pursuant to art. 43, paragraph 1, of the Issuers' Regulation, Abaco3 S.p.A. communicated to have increased the Offer consideration from EUR 1.60 to EUR 1.68 for each Share tendered in the Offer.
- On 18 September 2023, at the end of the tender offer period and on the basis of the provisional results, Abaco3 S.p.A. communicated to the market its intention to waive the threshold condition, as defined in the Offer Document, having also received the consent of the Lending Banks on the same date.
- On 29 September 2023, following the reopening of the terms, the Offer was concluded. On the basis of the final results, taking into account the shares tendered in the Offer during the acceptance period and the Shares tendered in the Offer during the reopening of the terms, as at 6 October 2023 (payment date) the Offeror held a total of 39,223,088 shares, representing 75.60% of the share capital of Exprivia (85.59% taking into account the 5,183,058 Treasury Shares held at that date).
- On 11 December 2023, Exprivia signed a binding offer for the acquisition of 85% of Balance S.p.A., an ICT services company operating mainly in the field of Salesforce services, a world leader in Cloud-based customer relationship management (CRM) solutions.

Subsequent events disclosed in the notes to the financial statements and consolidated financial statements as at 31 December 2023 and in the Directors' Report represent that on 29 January 2024, Exprivia S.p.A. appointed the expert assigned by the Court of Bari, to issue the legal certifications pursuant to Articles 2501-sexies and 2501-bis, paragraph 4, of the Italian Civil Code, for the merger by incorporation of Exprivia into Abaco3 S.p.A., envisaged in the offer document published by Abaco3 S.p.A. and aimed at delisting. It should be noted that, in consideration of the shareholding relationship between Exprivia S.p.A. and Abaco3 at the end of the Offer, the fact that Abaco3 S.p.A. is wholly owned by Abaco Innovazione S.p.A., as well as the significance of the merger, the same constitutes a transaction of greater significance between related parties pursuant to and for the purposes of the Regulation on Transactions with Related Parties issued with Consob resolution no. 17221 of 12 March 2010, as amended, and of the procedure on transactions with related parties, approved by Exprivia's Board of Directors pursuant to art. 2391-bis of the Italian Civil Code and of the Regulation itself.

The Board also monitored, in accordance with the Public Statements on Common Supervisory Priorities in Europe for the 2022 and 2023 Annual Reports, published by ESMA on 28 October 2022 and 25 October 2023, the effects and impacts on business continuity of the conflict between Russia and Ukraine as well as the implications of the current macroeconomic environment, including the effects of rising interest rates, inflation and the residual effects of the Covid-19 pandemic and the impacts of climate-related issues on the useful life of tangible assets and cash flow projections underlying the impairment test of non-financial assets, ensuring that these impacts have been properly represented and described in the Company's and the Group's 2023 annual financial report.

1.2 Supervisory activity on compliance with the principles of proper administration and the adequacy of the organisational structure

The Board of Statutory Auditors acquired information on and supervised, for those issues within its remit, the adequacy of the organisational structure, compliance with the principles of proper administration and the adequacy of the instructions given by the Company to its subsidiaries, pursuant to Article 114, paragraph 2, of the TUF, ascertaining, on the basis of the information provided by the Company, its suitability to provide the information necessary to fulfil the disclosure obligations required by law. Based on the information flows received from the Boards of Statutory Auditors of the Italian subsidiaries, the heads of the competent corporate functions, the Independent Auditors, the Supervisory Body and the head of the Internal Audit function, within the framework of the reciprocal exchange of relevant information, no issues emerged that needed to be highlighted in this report. Likewise, no critical issues were reported based on the information flows received from the directors and from the department in charge of the foreign subsidiaries. The information received during the meetings of the Board of Directors and that received from the Chief Executive Officer, top management, the boards of statutory auditors of the subsidiaries and the Independent Auditors revealed no atypical and/or unusual transactions with Group companies, with third parties or with related parties.

The Board of Statutory Auditors examined the documentation relating to Exprivia's overall organisational structure and took note of both the existence of the organisation chart and the related company documentation, which details the roles and responsibilities of the organisational structures, and the system of powers exercised in accordance with the roles and powers assigned to each of the functions involved.

Exprivia has adopted its own Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001, integrated with the principles and provisions of the Code of Ethics. The Supervisory Body is responsible for supervising the functioning and compliance with the Model. The Model is updated and the latest version in force was approved by the Board of Directors on 21 December 2017 and, by resolution of 20 December 2022, the Board of Directors approved the new Special Part H of the Organisational Model 231, dedicated to preventing the commission of Tax Offences.

Based on the oversight activities performed and for matters within its competence, the Board of Statutory Auditors considers the organisational structure to be adequate on the whole.

1.3 Supervisory activity on the adequacy of the Internal Control System

The Board of Statutory Auditors monitored the adequacy of the Company's Internal Control System by interacting with the Integrated Internal Committee, with the head of the Internal Audit function, with the Chief Executive Officer in their capacity as director in charge of setting up and maintaining an effective Internal Control and Risk Management System, and with the Supervisory Body, through:

- examining and applying the "guidelines of the Internal Control and Risk Management System", approved by the Board of Directors of Exprivia in 2021, and analysing their dissemination to the subsidiaries;
- examining the Annual Report by the Head of Internal Audit on the Internal Control System;
- acknowledging the assessment, expressed by the Board of Directors in the meeting of 11 March 2024, of the adequacy of the internal control and risk management system with respect to the features of the Company and the risk profile assumed;
- meeting with the Supervisory Body and examining the related reports;
- meeting with the Internal Audit function and Top Management regarding the organisational and management impacts of Exprivia's corporate activities;
- meeting with the Executive Manager responsible for preparing the corporate accounts;
- acquiring information, pursuant to paragraphs 1 and 2 of Article 151 of the TUF, from the control bodies of the Italian subsidiaries on events deemed significant and on the internal control system;
- acquiring information from foreign subsidiaries on events deemed significant; discussing the results of the work carried out by the Independent Auditors;
- participating on a regular basis in the work of the Integrated Internal Committee.

The Internal Audit function operates on the basis of a multi-year plan, reviewed annually, which defines activities and processes to be verified from a risk-based approach. The plan is approved by the Board of Directors, subject to the favourable opinion of the Integrated Internal Committee after consulting the Board of Statutory Auditors. The activities carried out by the function during the year covered the scope of activities scheduled by the audit plan approved by the Board of Directors. These activities revealed no critical issues, but rather aspects for improvement, to be carefully monitored and implemented in the current year. The Board of Statutory Auditors acknowledges that the annual Internal Audit report concludes with an opinion on the reliability of the internal controls in place and that the Integrated Internal Control and Risk Committee has assessed the Internal Control and Risk Management System as adequate with respect to the size and features of the Company.

The Board of Directors of Exprivia, in the meeting of 11 November 2021, approved an update of the Internal Dealing Procedure to replace the procedure that entered into force in 2006 and was subsequently amended on 11 January 2008, 4 August 2017 and 30 April 2021. The Board of Statutory Auditors supervised the compliance of the Internal Dealing procedure with the relevant legislation and its correct application.

In 2023, Exprivia's Board of Directors approved the update of the current Whistleblowing procedure and related reporting channels in accordance with the provisions of Italian Legislative Decree 24/2023, implementing Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law and national legislation.

Based on the supervisory activities performed and also taking into consideration the assessment of adequacy, effectiveness and actual functioning of the Internal Control System made by the Integrated Internal Committee and by the Board of Directors, the Board of Statutory Auditors finds, to the extent of its competence, that the system is adequate on the whole.

1.4 Supervisory activity on the adequacy of the Management and Accounting System and on the financial reporting process

The Board of Statutory Auditors oversaw the Company's Management and Accounting System and its accuracy in correctly representing events in operations by gathering information from the Executive Manager responsible for preparing the corporate accounts and the heads of the competent departments, by reviewing company documentation and by analysing the results of the work performed by the Independent Auditors.

The Board of Statutory Auditors also monitored the financial disclosure process.

In carrying out his duties, the Executive Manager responsible for preparing the corporate accounts oversaw the process of updating the control matrices pursuant to Law 262/2005 to make them more compliant with the new IT tools used by the Company and the organisational and regulatory changes that took place.

The Board of Statutory Auditors examined the plan of independent tests (both manual and automated) presented by the Executive Manager responsible for preparing the corporate accounts, prepared in relation to the certifications made by the process managers, and in order to have an independent verification aimed at ensuring the effective performance of the controls and their substantial effectiveness.

The Board of Statutory Auditors acknowledged the certifications issued, pursuant to Article 154-bis, paragraphs 3 and 4, of the TUF, on 11 March 2024, by the Chief Executive Officer and the Executive Manager responsible for preparing the corporate accounts of Exprivia on the adequacy of the administrative and accounting procedures for the preparation of the Separate and Consolidated Financial Statements as at 31 December 2023.

The Board of Statutory Auditors ascertained the adequacy, from the point of view of the method, of the impairment process implemented in order to ascertain the possible impairment of the assets recorded in the financial statements through meetings with the Executive Manager responsible for preparing the corporate accounts and the Independent Auditors.

The analysis of the recoverable amount of assets and goodwill was carried out, with the help of an independent expert, on the basis of the 2024-2028 economic and financial projections approved by the Board of Directors on 28 February 2024. In this same meeting, the Board of Directors approved the results of the impairment testing as at 31 December 2023.

Based on the analyses carried out and the information acquired, there were no indications to suggest that the Company's administrative and accounting system is not adequate overall and reliable in correctly representing the Company's affairs.

1.5 Supervisory activity on relations with subsidiaries and parent companies

The Board of Statutory Auditors supervised the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the TUF, ascertaining, on the basis of the information provided by the Company, its suitability to provide the information necessary to fulfil the disclosure obligations required by law. The Board of Statutory Auditors has no observations to make on the adequacy of the information flows aimed at ensuring the disclosure obligations required by law and did not receive any communications of findings from the Boards of Statutory Auditors of the Italian subsidiaries, from the parent company and investee companies and associated companies to be noted in the report. The Board of Statutory Auditors considers the information provided in the directors' report and in the Explanatory Notes to the Consolidated Financial Statements of the Group and the Separate Financial Statements as at 31 December 2023 to be adequate overall.

1.6 Supervisory activity on related-party transactions

The Board of Statutory Auditors considers the information provided in the Directors' Report, the Report on Corporate Governance, and in the Explanatory Notes to the Consolidated Financial Statements of the Group and the Separate Financial Statements of the Company as at 31 December 2023 to be adequate overall.

During the 2021 financial year, the Board of Directors of Exprivia, with the favourable opinion of the Integrated Internal Committee, approved the update of the RPT Procedure, in order to adapt its content to CONSOB Resolution No. 21624 of 10 December 2020, transposing the Shareholder Rights Directive II. The new Procedure (version 3.0) replaced the one previously in force, which was introduced on 27 November 2010 and subsequently amended on 4 December 2017.

The Board supervised the correct application of the Related Party Procedure and found no atypical and/or unusual transactions with Group companies or with related parties.

During the 2023 financial year, there were no situations that required the involvement of the Integrated Internal Committee in its RPT function.

2. INTERNAL CONTROL AND AUDIT COMMITTEE

Pursuant to Article 19 of Italian Legislative Decree No. 39/2010, the Board of Statutory Auditors also identifies itself as the Internal Control and Audit Committee and has therefore carried out the prescribed supervisory activity on the statutory audit of the annual and consolidated accounts.

With the approval of the financial statements as at 31 December 2022, the statutory audit engagement assigned for the nine-year period 2014-2022 to the independent auditors PricewaterhouseCoopers S.p.A. expired. In this regard, in 2022 Exprivia launched the procedure for the selection of the new independent auditing firm to be entrusted with the related assignment for the nine-year period 2023-2031, in compliance with current legislation. For the purposes of the selection procedure, prepared by the Company and of which the Board of Statutory Auditors is responsible, pursuant to Article 16, paragraph 3, of Regulation (EU) No. 537/2014, the Board of Statutory Auditors used the operational support of the Executive manager responsible for preparing the corporate accounts. On 8 March 2023, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, completed the selection process and prepared its recommendation to the Board of Directors and, ultimately, to the Shareholders' Meeting according to the purposes envisaged in current legislation. The Shareholders' Meeting of 27 April 2023 appointed BDO Italia S.p.A. to audit the accounts for the nine-year period 2023-2031, with the appointment expiring with the approval of the financial statements as at 31 December 2031.

During the supervisory activity, pursuant to Article 150, paragraph 3, the Board of Statutory Auditors met periodically with the Independent Auditors to examine the results arising from the verification of the regular keeping of the accounts, to examine the audit plan of Exprivia and the Group for the year 2023 and the progress of the activities. During these meetings, the Independent Auditors uncovered no acts or facts considered reprehensible or irregularities that required the formulation of specific reports pursuant to Article 155, paragraph 2, of the TUF. Specifically, the Board (i) acknowledged BDO's adequate level of professional scepticism; (ii) promoted effective and timely communication with BDO; (iii) supervised, without finding any critical issues, the impacts associated with the working methods, including "remote" methods, implemented by the Auditor, with the support of the company structures. The Board of Statutory Auditors (i) analysed the activity carried out by the Independent Auditors and, in particular, the methodological structure, the audit approach used for the various significant areas of the financial statements and the planning of the audit work, and (ii) shared with the Independent Auditors the issues relating to corporate risks, being able, therefore, to note the adequacy of the response planned by the auditor as regards the structural and risk profiles of the Company and the Group.

With reference to the obligation for listed companies to prepare and publish their financial reports in the "eXtensible HyperText Markup Language" format (hereinafter "XHTML"), the Independent Auditors also carried out the procedures indicated in the ISA Italia auditing standard No. 700B, in order to express an opinion on the compliance of the Separate Financial Statements and Consolidated Financial Statements of the Group as at 31 December 2023, prepared in XHTML format, with the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of the European Single Electronic Format (ESEF).

The Board of Statutory Auditors examined the reports drawn up by the Auditing Firm BDO, whose activity complements the general framework of the control functions established by the regulations with reference to the financial reporting process.

On 26 March 2024, the Independent Auditors issued the reports in accordance with Article 14 of Italian Legislative Decree No. 39/2010 and Article 10 of Regulation (EU) No. 537/2014, in which it certifies that the Separate Financial Statements of Exprivia and the Consolidated Financial Statements of the Exprivia Group provide a true and fair view of the financial position of the Company and of the Group as at 31 December 2023, the financial performance and the cash flows for the year ended at that date, in compliance with the International Financial Reporting Standards adopted by the European Union, as well as the measures issued in implementation of Article 9 of Italian Legislative Decree No. 38/2005.

The reports also certify that:

- the Separate Financial Statements of the Company and the Consolidated Financial Statements of the Group as at 31 December 2023 were prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815 and that the Consolidated Financial Statements of the Group were marked up, in all significant aspects, in compliance with the provisions of European Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of the ESEF;

- certain information contained in the notes to the consolidated financial statements, when extracted from the XHTML format in an XBRL application, may not be reproduced identically to the corresponding information displayed in the consolidated financial statements in XHTML format due to certain technical limitations;
- that the report on operations and certain specific information contained in the report on corporate governance and ownership structures are consistent with the Company's financial statements as at 31 December 2023 and with the Group's consolidated financial statements and are prepared in compliance with the law.

The Board of Statutory Auditors also examined the additional report, provided for in Article 11 of EU Regulation no. 537/2014, prepared by the Independent Auditors on 26 March 2024 and submitted to the Board of Statutory Auditors, as the Internal Control and Audit Committee, in which they illustrated: i) the audit team and independence, ii) the communications that took place with management and the control functions, iii) the audit methodology, iv) the significant risks identified, v) the scope and timing of the audit, vi) the materiality applied, vii) the valuation methods applied to the different items in the separate and consolidated financial statements. The additional report shows that there were no significant deficiencies in the internal control system in relation to the financial reporting process, and that on the basis of the activities performed for the audit of the annual financial statements, no instances of actual or suspected non-compliance with laws or regulations or statutory provisions were found. The additional report also shows that on the basis of the work carried out, no events or circumstances have arisen that would raise significant doubts as to the Company's ability to continue as a going concern.

The Board of Statutory Auditors examined the Independent Auditors' written annual confirmation of independence pursuant to Article 6(2), letter a) of Regulation (EU) 537/2014 and pursuant to paragraph 17, letter a) of International Standard on Auditing (ISA Italy) 260 issued on 20 March 2024 and set out in the additional report required by Article 11 of Regulation (EU) No. 537/2014 in which BDO confirmed that it had complied with the ethical principles set out in Articles 9 and 9-bis of Italian Legislative Decree No. 39/2010 and that it had not identified situations that could compromise the independence of the Independent Auditors pursuant to Articles 10 and 17 of Italian Legislative Decree No. 39/2010 and Articles 4 and 5 of Regulation (EU) No. 537/2014.

The Board of Statutory Auditors, in its role as Internal Control and Audit Committee, has fulfilled the duties set forth in Article 19, paragraph 1, lett. e) of Italian Legislative Decree No. 39/2010 as amended by Italian Legislative Decree No. 137/2016 and by Article 5, par. 4, of Regulation (EU) No. 537/2014, approving in advance, where required by the regulations in force, assignments for services other than the statutory audit assigned by Exprivia and its subsidiaries to the Independent Auditors and to the subjects belonging to its network.

During the 2023 financial year, the Company paid BDO fees of EUR 118,900 for audit assignments and EUR 3,500 for non-audit assignments in connection with an ISA 805 engagement. The subsidiaries of the Exprivia Group included in the scope of consolidation paid BDO fees totalling EUR 18,400 for auditing assignments.

In addition, the Company paid BDO fees of EUR 20,000 for the "limited assurance engagement" of the Consolidated Non-Financial Statement envisaged by Italian Legislative Decree no. 254/2016 relating to the financial year as at 31 December 2023.

The ratio between the cost of non-audit services and audit services is below the 70% limit established by the applicable regulations.

Taking account of the professional services provided, and the confirmation of independence and absence of incompatibility issued by BDO, the Board of Statutory Auditors believes that no critical issues emerged with respect to the independence of the Independent Auditors.

3. OTHER ACTIVITIES

3.1 Methods for the practical implementation of corporate governance rules

In exercising its functions, the Board of Statutory Auditors, as envisaged in Article 2403 of the Italian Civil Code and Article 149 of the TUF, supervised the methods for the practical implementation of the corporate governance rules set forth in the Codes of Conduct whereby Exprivia declares to abide. The Company adheres to the Corporate Governance Code of January 2020, drawn up by the Corporate Governance Committee of Borsa Italiana and has prepared, pursuant to Article 123-bis of the TUF, the annual "Report on Corporate Governance and Ownership Structures" drawn up in accordance with the instructions accompanying the Rules of the markets organised and managed by Borsa Italiana S.p.A. and the TUF. This report provides, among other things, information regarding (i) the ownership structure; (ii) the corporate governance rules; (iii) the Internal Control and Risk Management System; (iv) the mechanisms of the Shareholders' Meeting; (v) the rights of Shareholders and the methods of exercising them; and (vi) the composition and functioning of the management and control bodies and of the internal board committees.

As regards the supervision of the methods for the practical implementation of the corporate governance rules, provided for by the Corporate Governance Code, the Board carried out this verification activity with the assistance of the Legal and Corporate Affairs function, including with reference to their adaptation to the provisions of the Corporate Governance Code.

The Board of Statutory Auditors acknowledged the recommendations of the eleventh report on Corporate Governance of Borsa Italiana, endeavouring to take into consideration the recommendations of the Italian Corporate Governance Committee in its supervisory activities and noted that the Board of Directors at the meeting of 29 January 2024 assessed the 2024 Recommendations and examined the main thematic areas on which it will be necessary to focus in order to implement them during this year, considering that Exprivia is a smaller company with concentrated participation and adheres to the Code with flexibility and gradual implementation on some recommendations, according to the proportionality principle provided for in the Corporate Governance Code of January 2020.

The areas for improvement identified in the annual report refer to the following topics: (i) involvement of the board of directors in the review and approval of the business plan and in the analysis of issues relevant to long-term value generation, (ii) pre-boardroom disclosure, (iii) guidance on the optimal composition of the board of directors applicable to "non-concentrated" companies, and (iv) adequate disclosure for the adoption of the increased voting rights.

From the examination of the report and the Letter of the Chairperson of the Committee of 14 December 2023, it was possible to verify the progress of Exprivia in its process of adhering to the Corporate Governance Code.

As reported in the relevant sections of the Corporate Governance Report for 2023 and the previous years 2022 and 2021, Exprivia implemented most of the recurring recommendations, some of which are still present in the letter of 14 December 2023, including the following: (i) approved the Regulations of the Board of Directors and the Committee, explicitly providing, among other things, the terms deemed appropriate for submitting information documentation before the meetings; (ii) established the economic criteria for assessing the significance of professional, commercial or financial relationships and additional remuneration with reference to Independent Directors; (iii) defined and implemented a self-assessment process for the Board of Directors, adopting a tool for the anonymous survey on the self-assessment, which the Board of Directors carried out in February 2022 and again in March 2024 in view of the next renewal; (iv) obtained several ESG certifications, in addition to those already held, as effective and internationally recognised tools in view of the Company's commitment to contributing to sustainable development.

While the process of implementing the recommendation regarding the involvement of the board of directors in the examination and approval of the business plan and in the analysis of the issues relevant to the generation of long-term value remains to be completed for Exprivia, the Board confirms the importance of this, hoping to be able to fully comply with this recommendation in 2024 at the end of the corporate reorganisation that is currently underway.

During the meeting held on 11 March 2024, in view of the expiry of its term of office with the approval of the 2023 financial statements, the Board of Directors carried out its self-assessment on the size, composition and functioning of the Board itself and its Committees, with a favourable outcome, using the process established by the Regulations approved in the 2021 financial year and already followed for the previous self-assessment carried out by the Board of Directors at the meeting held on 15 March 2022, by administering the questionnaire approved on 24 February 2022 to all directors. The results of the overall adequacy survey were referred to in the Report on Corporate Governance and Ownership Structures.

With regard to the procedure followed by the Board of Directors for the purpose of verifying the independence of its directors, the Board of Statutory Auditors carried out the assessments within its remit, noting the correct application of the criteria and procedures for ascertaining the independence requirements set forth by law and the Corporate Governance Code.

The Board of Statutory Auditors verified that its members met the same independence and integrity requirements as for Directors, notifying the Company's Board of Directors. It also endorsed the recommendation of the Corporate Governance Code, which requires declaring vested interests or those of third parties in specific transactions submitted to the Board of Directors. During 2023, no situations arose in relation to which the members of the Board of Statutory Auditors had to make such declarations.

3.2 Remuneration policies

The Board of Statutory Auditors verified the business processes that led to the definition of the Company's remuneration policies and issued the opinions and expressed the observations assigned to it by current legislation.

The Board of Statutory Auditors examined the "Report on the Remuneration Policy and the Compensation Paid", prepared pursuant to Article 123-ter of the TUF and in compliance with the provisions of Article 5 of the Corporate Governance Code and approved by the Board of Directors on 11 March 2024, at the proposal of the Integrated Internal Committee on the activities carried out in relation to Appointments and Remuneration. The Board of Statutory Auditors verified the compliance of the Remuneration Report with the legal and regulatory requirements, noting the clarity and completeness of the information regarding the Remuneration Policy adopted by the Company and has no observations to report.

3.3 Omissions or reprehensible facts, opinions rendered and initiatives undertaken

In 2023, the Board of Statutory Auditors did not receive any complaints pursuant to Article 2408 of the Italian Civil Code, nor did it receive complaints from third parties.

In 2023, the Board of Statutory Auditors issued its opinions and statements required by current legislation.

In the course of the activity carried out and on the basis of the information obtained, no omissions, reprehensible facts, irregularities or in any case significant circumstances such as to require reporting to the Supervisory Authorities or mentioning in this report were found.

3.4 Non-Financial Statement

The Board of Statutory Auditors, in the exercise of its functions, supervised compliance with the provisions contained in Italian Legislative Decree No. 254/2016 and in the CONSOB Regulation implementing the Decree adopted with Resolution No. 20267 of 18 January 2018, particularly with reference to the preparation process and the contents of the Consolidated Non-Financial Statement ("NFS") as at 31 December 2023 drawn up by Exprivia. The Board of Statutory Auditors obtained, from the function in charge and by participating in the meetings of the Integrated Internal Committee, updates on activities carried out in preparation for the drafting of the NFS and, within the scope of its activities, did not become aware of any violations of the related regulatory provisions.

The Company's activities, aimed at regulatory compliance, followed the provisions of European taxonomy, introduced by Regulation (EU) 2020/852, which entered into force on 12 July 2020 and subsequently supplemented by Delegated Regulations (EU) 2021/2139, 2021/2178 and 2022/1214.

The consolidated NFS relating to the year ended 31 December 2023 was approved at the meeting of the Board of Directors on 11 March 2024.

The Board of Statutory Auditors examined the report drawn up by the Auditing Firm BDO Italia S.p.A., whose activity complements the general framework of the control functions established by the regulations with reference to the non-financial reporting process.

The Auditing Company BDO Italia S.p.A., which was assigned to perform a limited assurance engagement of the Consolidated Non-Financial Statement of Exprivia and its subsidiaries for the year ended 31 December 2023 pursuant to Article 3, paragraph 10, of Italian Legislative Decree No. 254/2016 and Article 5 of CONSOB Regulation No. 20267/2018, noted in the report issued on 26 March 2024 that no issues came to its attention that would suggest that the NFS of the Exprivia Group, relating to the year ended 31 December 2023, had not been drawn up, in all significant aspects, in compliance with the requirements of Articles 3 and 4 of Italian Legislative Decree No. 254/2016 and the selected Global Reporting Initiative Sustainability Reporting Standards. The conclusions of the Independent Auditors on the NFS do not extend to the information contained in the paragraph Taxonomy Regulation (EU) 2020/852 therein required by Article 8 of Regulation (EU) 2020/852.

3.5 Self-assessment of the Board of Statutory Auditors

Pursuant to Rule Q.1.1 of the Rules of Conduct of the Board of Statutory Auditors of listed companies, the Board of Statutory Auditors, following the appointment of 23 June 2021, in its first meeting of 28 June 2021, in the meeting of 3 March 2022 and subsequently in the meeting of 9 February 2024, assessed the suitability of the members and the adequate composition of the Control Body with reference to the requirements of professionalism, competence, integrity and independence required by law. On 9 February 2024, the Board of Statutory Auditors carried out the periodic annual self-assessment and assessed its adequacy in terms of the quantitative composition of the Board in compliance with the Articles of Association and with the provisions of the law and regulations, and the qualitative composition as regards compliance with the requirements of independence, integrity and professionalism and the limits on the number of offices held and as regards its functioning.

The Board of Directors was notified of the outcome of the self-assessment of the Board of Statutory Auditors for all the necessary obligations and, in particular, to allow the Board to communicate, in the corporate governance report, that the members of the Control Body meet the independence requirements set forth in Article 148 of the TUF.

4. INDICATION OF ANY PROPOSALS TO BE SUBMITTED TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153(2) OF THE TUF

The Board of Statutory Auditors, taking into account the activity carried out and the above, considering the content of the reports drawn up by the Independent Auditors and having taken note of the certifications pursuant to Article 154 bis of the TUF issued jointly by the Chief Executive Officer and by the Executive manager responsible for preparing the corporate accounts, has found no reasons, to the extent of its remit, to oppose the approval of the financial statements as at 31 December 2023, and the allocation of the profit for the year, as per the plan approved by the Board of Directors on 11 March 2024.

Molfetta, 26 March 2024

The Board of Statutory Auditors

Dora Savino - Chair

Andrea Delfino - Standing Auditor

Mauro Ferrante - Standing Auditor

This report has been translated from the original version which was issued in Italian language, solely for the convenience of international readers.

Separate Financial Statements of Exprivia SpA at 31 December 2023

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Financial statements of Exprivia SpA at 31 December 2023

Balance Sheet

Amount in Euro	Note	31/12/2023	31/12/2022
Property, plant and machinery	1	17,214,688	16,052,738
Goodwill	2	66,791,188	66,791,188
Other Intangible Assets	3	7,196,706	8,133,956
Shareholdings	4	8,592,751	8,970,831
Other financial assets	5	1,455,947	1,947,734
Other financial assets	6	353,280	675,952
Deferred tax assets	7	1,405,407	1,557,332
NON-CURRENT ASSETS		**103,009,965**	**104,129,733**
Trade receivables and other	8	52,510,227	47,464,737
Stock	9	1,725,180	876,452
Work in progress to order	10	28,793,619	25,331,532
Other Current Assets	11	15,057,517	12,688,867
Other Financial Assets	12	670,520	806,135
Cash resources	13	20,292,882	14,605,621
Other Financial Assets available for sale	14	2,411	2,411
CURRENT ASSETS		**119,052,356**	**101,775,755**
TOTAL ASSETS		**222,062,321**	**205,905,488**

Amount in Euro	Note	31/12/2023	31/12/2022
Share capital	15	24,005,671	24,284,468
Share Premium Reserve	15	18,081,738	18,081,738
Revaluation reserve	15	2,907,138	2,907,138
Legal reserve	15	5,395,932	5,190,151
Other reserves	15	33,773,734	22,851,768
Profit (Loss) for the year	40	12,930,311	11,974,399
SHAREHOLDERS' EQUITY		**97,094,523**	**85,289,662**
Non-current bank debt	16	9,732,485	15,068,724
Other financial liabilities	17	4,448,493	2,687,687
Other no current liabilities	18		76,276
Provision for risks and charges	19	65,757	196,818
Employee provisions	20	6,371,704	6,674,770
Deferred tax liabilities	21	1,792,169	1,799,410
NON CURRENT LIABILITIES		**22,410,607**	**26,503,685**
Current bond	22		9,178,323
Current bank debt	23	18,642,354	9,826,514
Trade payables	24	33,248,261	26,467,405
Advances payment on work in progress contracts	25	5,650,683	5,638,345
Other financial liabilities	26	5,639,817	5,202,758
Other current liabilities	27	39,376,076	37,798,796
CURRENT LIABILITIES		**102,557,191**	**94,112,141**
TOTAL LIABILITIES		**222,062,321**	**205,905,488**

Income Statement

Amount in Euro	Note	2023	31/12/2022
Revenues	28	175,394,050	156,827,878
Other income	29	7,481,913	7,390,450
PRODUCTION REVENUES		**182,875,963**	**164,218,328**
Costs of raw, subsid. & consumable mat. and goods	30	12,711,160	4,016,939
Salaries	31	100,961,824	97,242,751
Costs for services	32	41,130,049	34,964,347
Costs for leased assets	33	1,090,220	727,678
Sundry operating expenses	34	1,505,328	1,562,027
Change in inventories of raw materials and finished products	35	(982,399)	(21,503)
Provisions	36	(504,606)	188,903
TOTAL PRODUCTION COSTS		**155,911,576**	**138,681,142**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		**26,964,388**	**25,537,186**
Amortisation, depreciation and write-downs	37	6,831,025	6,741,224
OPERATIVE RESULT		**20,133,363**	**18,795,962**
Financial income and charges	38	(2,674,609)	(2,129,550)
PROFIT (LOSS) FOR THE YEAR BEFORE TAX		**17,458,754**	**16,666,411**
Income tax	39	4,528,444	4,692,014
PROFIT OR LOSS FOR YEAR	**40**	**12,930,311**	**11,974,398**

Statement of Comprehensive Income

Amount in Euro			
Description	**Note**	**2023**	**2022**
Profit for the year	**40**	**12,930,311**	**11,974,398**
Other gains (losses) total will not subsequently be reclassified in profit (loss)		-	-
Profit (loss) Actuarial effect of IAS 19		(300,226)	485,366
Tax effect of changes		72,054	(116,488)
Total other comprehensive income (loss) will not subsequently be reclassified in profit (loss)	**15**	**(228,172)**	**368,878**
Other gains (losses) total that will be subsequently reclassified to profit (loss) for the period we		-	-
Change in translation reserve		-	-
Profit (loss) on FVOCI financial assets		-	-
Profit (loss) on cash flow hedge derivatives		-	-
Tax effect of the changes		-	-
Total other comprehensive income (loss) that will subsequently be reclassified in profit (loss)	**15**	-	-
NET COMPREHENSIVE INCOME FOR THE YEAR		**12,702,139**	**12,343,277**

Statement of Changes in Shareholders' Equity

Amount in Euro	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Legal Reserve	Other Reserves	Profits (Losses) brought forward	Profit (Loss) for the year	Total Net Worth
Balance at 31/12/2021	**26,979,658**	**(2,363,964)**	**18,081,738**	**2,907,138**	**4,681,896**	**15,899,313**	-	**10,165,107**	**76,350,886**
Reclassification previous year's profit					508,255	7,166,422	2,490,430	(10,165,107)	-
Dividend distribution							(2,258,588)		(2,258,588)
Allocation of 2021 dividends on treasury shares						231,842	(231,842)		-
Purchase of own shares		(331,226)				(814,687)			(1,145,913)
Components of comprehensive income:									
Profit / (loss) for the year								11,974,399	11,974,399
Effects of applying IAS 19						368,878			368,878
Total comprehensive income (loss) for the year						**368,878**	-	**11,974,399**	**12,343,276**
Balance at 31/12/2022	**26,979,658**	**(2,695,190)**	**18,081,738**	**2,907,138**	**5,190,151**	**22,851,768**	-	**11,974,399**	**85,289,662**
Reclassification previous year's profit					205,781	11,768,618		(11,974,399)	-
Purchase of own shares		(278,797)				(618,480)			(897,278)
Components of comprehensive income:									
Profit / (loss) for the year								12,930,311	12,930,311
Effects of applying IAS 19						(228,172)			(228,172)
Total comprehensive income (loss) for the year						**(228,172)**	-	**12,930,311**	**12,702,138**
Balance at 31/12/2023	**26,979,658**	**(2,973,988)**	**18,081,738**	**2,907,138**	**5,395,932**	**33,773,733**	-	**12,930,310**	**97,094,524**

Cash Flow Statement

Amount in Euro	NOTE	2023		2022	
Financial statement	**41**				
Operating activities:					
Profit (loss) for the year	40	12,930,311	(1)	11,974,399	(1)
Amortisation, depreciation and provisions		6,647,735		7,216,560	
Provision for Severance Pay Fund		4,805,806		4,767,009	
Advances/Payments Severance Pay		(5,409,098)		(5,391,974)	
Adjustment of value of financial assets		(8,513)		192,728	
Cash flow generated (absorbed) from operating activities	**a**	**18,966,240**		**18,758,722**	
Increase/Decrease in net working capital:					
Variation in stock and payments on account		(4,398,475)		(2,393,126)	
Variation in receivables to customers		(3,763,873)		2,191,273	
Variation in receivables to parent/subsidiary/associated company		(903,322)		196,998	
Variation in other accounts receivable		(2,133,786)		(4,569,849)	
Variation in payables to suppliers		6,238,657		(881,768)	
Variation in payables to parent/subsidiary/associated company		309,272		81,057	
Variation in tax and social security liabilities		(667,003)		(305,613)	
Variation in other accounts payable		2,538,410		2,251,247	
Cash flow generated (absorbed) from current assets and liabilities	**b**	**(2,780,120)**		**(3,429,781)**	
Cash flow generated (absorbed) from current activities	**a+b**	**16,186,121**		**15,328,941**	
Investment activities:					
Purchases of tangible fixed assets net of payments for sales		(555,696)		(478,855)	
Variation in intangible assets		(1,770,911)		(1,520,819)	
Change in non-current assets		129,384		(519,097)	
Net change in other financial receivables		(229,226)	(2)	921,629	(2)
Cash flow generated (absorbed) from the investment activity	**c**	**(2,426,449)**		**(1,597,142)**	
Financial assets and liabilities					
New loans		23,500,000	(2)	2,000,000	(2)
Reimbursement loan		(28,429,531)	(2)	(12,424,704)	(2)
Net variation in other financial debts		(2,175,602)	(2)	(829,469)	(2)
Changes in other non-current liabilities and use of risk provisions		(69,998)		(345,767)	
(Purchase) / Sale of own shares		(897,278)		(1,145,913)	
Cash flow generated (absorbed) from financing activities	**d**	**(8,072,410)**		**(15,004,441)**	
Increase (decrease) in cash and cash equivalent	**a+b+c+d**	**5,687,261**		**(1,272,642)**	
Cash and cash equivalent at the beginning of the year		14,605,621		15,878,263	
Cash and cash equivalent at end of year		20,292,882		14,605,621	
(1) including taxes and interest paid in the year		*7,669,880*		*6,344,545*	

(2) The sum of the relative amounts (for 2023 equal to Euro -7,334,359, for 2022 equal to Euro -10.332.544) represents the overall change in net liabilities deriving from financing activities. For the reconciliation with the values shown in the statement of financial position, see the comment on the net financial position reported in note 17 - Non-current payables to banks.

Explanatory Notes to the Separate Financial Statements of Exprivia SpA at 31 December 2023

Exprivia Activities

Exprivia SpA (hereinafter also "Exprivia" or the "Company" or the "Parent Company" or the "Issuer") plays, in relation to the other companies, a highly business role which includes research & development activities, development of solutions and various projects, customer services and, naturally, sales support. The Parent Company manages and coordinates the Group's wholly-owned subsidiaries pursuant to Articles 2497 et seq. of the Italian Civil Code.

Report on Management and Coordination Activities

Pursuant to articles 2497 et seq. of the Italian Civil Code aiming to regulate transparency in the exercise of company management, the tables below provide summary data referring to the most recently approved financial statements of Abaco Innovazione SpA.

The essential data of the parent company Abaco Innovazione SpA, shown in the schedule in accordance with article 2497-bis of the Italian Civil Code, were taken from the year-end financial statements at 31 December 2022, latest financial statements available. For further information on the financial standing of Abaco Innovazione SpA at 31 December 2022, and the economic result of the company please see the financial statements, which are available in the form and manner provided for by law, as well as the report by the independent auditor.

The Abaco Group also represents the larger scope within which the Exprivia Group is consolidated.

	Greater whole
Company name	Abaco Innovazione SpA
City	Molfetta (BA) - Via Adriano Olivetti 11
Tax code (for Italian companies)	05434040720
Place of filing of the consolidated financial statements	Registered office

Amount in Euro	31.12.2022	31.12.2021
Shareholdings	29,856,647	29,856,647
NON-CURRENT ASSETS	**29,856,647**	**29,856,647**
Other Current Assets	4,586	23,450
Other Financial Assets	60,000	-
Cash resources	473,398	14,808
CURRENT ASSETS	**537,984**	**38,258**
ASSETS	**30,394,630**	**29,894,905**
Share capital	924,801	941,951
Revaluation reserve	200,188	200,188
Other reserves	25,389,461	25,979,375
Profit/Loss for the year	1,387,209	214,437
SHAREHOLDERS' EQUITY	**27,901,659**	**27,335,950**
Other financial liabilities	650,000	466,511
NON CURRENT LIABILITIES	**650,000**	**466,511**
Current bank debt	44,540	285,441
Trade payables	280,799	255,406
Other financial liabilities	466,511	467,845
Other current liabilities	1,051,120	1,083,751
CURRENT LIABILITIES	**1,842,971**	**2,092,442**
TOTAL LIABILITIES	**30,394,630**	**29,894,905**

Amount in Euro	2022	2021
Revenues	435,197	400,469
PRODUCTION REVENUES	**435,197**	**400,469**
Salaries	47,061	47,061
Costs for services	33,281	29,415
Sundry operating expenses	22,708	30,344
TOTAL PRODUCTION COSTS	**103,050**	**106,821**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	**332,147**	**293,648**
OPERATIVE RESULT	**332,147**	**293,648**
Financial income and charges	1,139,266	(32,048)
PRE-TAX RESULT	**1,471,413**	**261,602**
Income tax	84,204	47,165
PROFIT OR LOSS FOR YEAR	**1,387,209**	**214,437**

Form and Content of Separate Financial Statements

Introduction

The separate financial statements of Exprivia at 31 December 2023 were prepared in accordance with art. 4 of Italian Legislative Decree no. 38 of 28 February 2005 and the international accounting standards (IFRS) issued by the International Accounting Standard Board (IASB) in force at 31 December 2023, as well as all the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") formerly called the Standing Interpretations Committee ("SIC"), and in accordance with the regulatory provisions issued to implement art. 9 of Italian Legislative Decree no. 38/2005 (Consob Resolution no. 15519 of 27 July 2006 providing the "Rules for financial statement schedules", Consob Resolution no. 15520 of 27 July 2006 providing the "Changes and amendments to the Issuers' Regulation adopted under Resolution no. 11971/99", Consob notice no. 6064293 of 28 July 2006 providing rules for "Company disclosure pursuant to art. 114, paragraph 5, Italian Legislative Decree no. 58/98").

The schedules in the financial statements are the following:

- For the Balance Sheet the current assets, non-current assets, current liabilities and non-current liabilities are posted separately. Current assets are those that are to be made, sold or consumed during the normal operating cycle of the Company. Current liabilities are those that are to be extinguished during the normal operating cycle of the Company or within twelve months following the end of the financial year;
- For the Income Statement, the cost and revenue items are posted according to their nature;
- For the Statement of Comprehensive Income, a separate schedule was prepared;
- For the Cash Flow Statement, the indirect method was used.

The statements were drafted in compliance with IAS 1 and 7.

The separate financial statements were prepared under the general policy of giving an accurate and truthful presentation of the Company's financial standing, economic result and cash flows, while adopting the going-concern assumption, and the general policies of accrual basis accounting, presentation coherence, relevance and aggregation, rule against offsetting and comparability of information.

Adjustments to comparative data

In order to make the disclosure of data more intelligible, the presentation of the items "sundry operating costs" and "costs for services" was changed in the comparative data of the income statement presented in accordance with IAS 1, with respect to data published in the financial statements at 31 December 2022, with no effect on the result and net equity at that date. In particular, the following were reclassified:

- from the item "costs for services" to the item “other operating expenses” Euro 5,564 relating to trade associations costs.

Drafting and presentation criteria

The accounting policies and valuation criteria are the same as those adopted to prepare the separate financial statements at 31 December 2022, except as noted below.

The valuation and measurement policies are based on the IFRS standards in effect at 31 December 2023 and approved by the European Union.

Accounting standards, amendments and interpretations applicable from 1 January 2023
The following table shows the IFRS/Interpretations approved by the IASB and endorsed for adoption in Europe and applied for the first time to the period/financial year under review.

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Company
International tax reform - Pillar two model rules (amendments to IAS 12)	Final amendment	May-23	1-Jan-2023	IAS 12	8-Nov-2023	9-Nov-2023	1-Jan-2023
Initial application of IFRS 17 and IFRS 9 - Comparative information	Amendment	Dec-21	1-Jan-2023	IFRS 17, IFRS 9	8-Sep-2022	9-Sep-2022	1-Jan-2023
Deferred taxes relating to assets and liabilities deriving from a single transaction	Amendment	May-21	1-Jan-2023	IFRS 1, IAS 12	11-Aug-2022	12-Aug-2022	1-Jan-2023
Disclosure on accounting standards (Amendments to IAS 1 and IFRS Practice Statement 2)	Amendment	Feb-21	1-Jan-2023	Practical statement 2, IAS 1, IFRS 8, IAS 34, IAS 26, IFRS 7	2-Mar-2022	3-Mar-2022	1-Jan-2023
Definition of Accounting Estimates (Amendments to IAS 8)	Amendment	Feb-21	1-Jan-2023	IAS 8	2-Mar-2022	3-Mar-2022	1-Jan-2023
Amendments to IFRS 17	Amendment	Jun-20	1-Jan-2023	IFRS 3, IAS 36, IFRS 9, IAS 1, IAS 38, IAS 32, IFRS 17, IFRS 4, IAS 40, IAS 19, IAS 16, IFRS 15, SIC-27, IAS 36, IFRS 1, IAS 37, IAS 7, IAS 28, IFRS 5, IFRS 7	19-Nov-2021	23-Nov-2021	1-Jan-2023

International tax reform - Pillar two model rules (amendments to IAS 12)

On 23 May 2023, the IASB published the document "International tax reform - Pillar Two model rules (amendments to IAS 12)", which amends IAS 12 "Income taxes". The OECD "Global antibase erosion model rules" tax reform introduces a new two-pillar model, known as "Pillar Two", to address tax issues arising from the economy digitalisation. The model aims to limit tax competition by introducing a minimum 15% global rate in each jurisdiction in which large multinationals operate. The parent company will be required to pay any top-up tax for subsidiaries that operate in low tax jurisdictions and for which the current tax is lower than the 15% minimum threshold. The additional tax will be paid in the parent company's jurisdiction. The top-up tax is a current tax within the scope of application of IAS 12 in the consolidated financial statements of the ultimate group parent company, which, however, gives rise to several concerns in the accounting of the related deferred taxes. In this regard, with the amendment in question, the IASB has provisionally decided to amend IAS 12 by introducing:

- the temporary exception to the obligation to account for deferred taxes deriving from the implementation of the Pillar Two rules (including any qualifying national minimum supplementary tax);
- disclosure obligations.

The amendments are applicable immediately after the issue of the amendments and retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Other disclosure requirements are applicable for financial years starting on or after 1 January 2023. This information is not required for interim periods ending by December 2023.

The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues. The Company is not impacted by the Pillar Two rules that concern large multinational groups (generally with inflows exceeding Euro 750 million).

Deferred taxes related to assets and liabilities arising from a single transaction (amendments to IAS 12)

On 7 May 2021, the IASB published an amendment to international accounting standard IAS 12 entitled “Deferred tax liabilities and assets arising from a single transaction” which specifies how companies must account for deferred taxes on transactions such as leases and decommissioning obligations and aims to reduce the differences in the recognition in the financial statements of deferred tax assets and liabilities on leases and decommissioning obligations so as to improve the comparability of financial statements. The amendments apply from annual periods beginning on or after 1 January 2023.

The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Disclosure on accounting standards (amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1 “Presentation of Financial Statements” and an update of IFRS Practice Statement 2 “Making judgments on materiality” to help companies provide useful information on accounting policies.

The main amendments to IAS 1 include:

- requiring companies to disclose their relevant accounting policies rather than their significant accounting policies;
- clarifying that the accounting policies relating to transactions, other events or conditions that are not significant are themselves immaterial and as such do not require reporting;
- clarifying that not all accounting standards relating to transactions, other events or relevant conditions are themselves relevant for the financial statements of a company.

The IASB also amended IFRS Practice Statement 2 to include guidelines and two additional examples on the application of materiality to accounting policy reporting.

The amendments to IAS 1 are effective for years beginning on or after 1 January 2023, with early application permitted.

The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Definition of accounting estimates (Amendments to IAS 8)

In February 2021, the IASB issued amendments to IAS 8 to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and clarification of accounting estimates. Distinguishing between accounting standards and accounting estimates is important because changes in accounting standards are generally applied retrospectively, while changes in accounting estimates are applied prospectively. Therefore, the amendments introduce a new definition of accounting estimates, clarifying that these are monetary amounts in the financial statements subject to measurement uncertainty.

The development of an accounting estimate includes both the selection of a measurement technique (estimate or valuation technique) and the choice of inputs to be used when applying the chosen valuation technique. The effects of changes in these inputs or measurement techniques are changes in accounting estimates.

The amendments are effective for years beginning on or after 1 January 2023, with early application permitted.

The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

IFRS 17 Insurance Contracts

As of 1 January 2023, the new IFRS 17 "Insurance Contracts" came into force, replacing IFRS 4 "Insurance Contracts". The objective of the new standard is to ensure that a unit provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The accounting standard IFRS 17 "Insurance contracts" applies to all companies, not only to insurers, in fact it applies to insurance contracts issued regardless of the sector to which the issuer belongs. An insurance contract is a contract under which one of the parties (the issuer) accepts a significant insurance risk from another party (the policyholder) by agreeing to indemnify the policyholder in the event that the same suffers damages as a result of one of the specific uncertain future event (the insured event). The following exemptions from the application of IFRS 17 are envisaged: • guarantees provided to the customer by the manufacturer, trader or retailer in relation to the sale of a good or the provision of a service; • the assets and liabilities of the employer deriving from employee benefit plans and the obligations for pension benefits recognised by defined benefit pension plans; • contractual rights or obligations depending on the future use or right of use of a non-financial element (for example, certain types of license fees, royalties, variable lease payments and other potential lease payments and similar elements: see IFRS 15, IAS 38 Intangible Assets and IFRS 16 Leases); • residual value guarantees granted by the manufacturer, trader or retailer and residual value guarantees granted by the lessee, when incorporated in a lease (see IFRS 15 and IFRS 16); • financial

guarantee contracts, unless the issuer has previously expressly declared that they are insurance contracts and has applied to them the accounting treatment envisaged for insurance contracts. The entity must choose whether to apply IFRS 17 or IAS 32 Financial Instruments to these financial guarantee contracts. The entity may make this choice for each individual contract, but the choice made is then irrevocable; • contingent consideration to be paid or received in a business combination transaction; • insurance contracts in which the entity is the policyholder, unless they are reinsurance contracts; • credit card contracts or similar contracts, which offer credit or payment instruments, which meet the definition of an insurance contract, if, and only if, the entity does not reflect the assessment of the insurance risk associated with the individual customer in determining the price of the contract with said customer. The following optional exemptions from the application of IFRS 17 are also envisaged: • Some contracts meet the definition of an insurance contract, although their primary objective is the provision of services at a fixed price. The entity issuing these contracts may choose to apply IFRS 15 to them instead of IFRS 17 if, and only if, specific conditions are met. The entity may make this choice for each individual contract, but the choice made is then irrevocable. The conditions are as follows: • the price set by the entity for the contract concluded with the customer does not reflect an assessment of the risk associated with that customer; • the contract envisages as consideration for the customer the provision of services, rather than payment in cash; and the insurance risk transferred by the contract derives mainly from the use of the services by the customer, rather than from the uncertainty of the cost of those services. • Some contracts fall within the definition of an insurance contract, but limit the compensation for insured events to the amount otherwise necessary to extinguish the policyholder's obligation created by the contract (e.g. loans with waiver in the event of death). The entity must choose to apply IFRS 17 or IFRS 9. The entity must make this choice for each portfolio of insurance contracts and the choice is irrevocable.
Although not formally referred to as insurance contracts, the analysis of the scope of application of IFRS 17 shows that some contracts could fall within the scope of application of the standard; however, for such contracts, the Company availed itself of the option of exemption of application. Therefore, there were no impacts from the first-time application of IFRS 17.

Accounting standards, amendments and interpretations approved but not yet applicable/not adopted in advance

Following are the accounting standards, amendments and interpretations approved by the IASB and endorsed by the European Union, whose mandatory effective date is after the financial statement date of reference:

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Company
Lease liability in a sale and leaseback Amendments to IFRS 16	Amendment	Sep-22	1-Jan-2024	IFRS 16	20-Nov-2023	21-Nov-2023	1-Jan-2024

On 22 September 2022, the IASB issued the document Lease Liability in a Sale and Leaseback, which makes amendments to IFRS 16 specifying how the lessee - seller subsequently assesses sale and leaseback transactions that meet the requirements of IFRS 15 to be recognised as a sale. As is known, a sale and lease back transaction consists of the sale of an asset by a seller and the buyback of the same asset through the stipulation of a lease. A characteristic of sale and leaseback transactions is that the sale price and the payments are usually interdependent. The fundamental problem is to define whether the transaction represents a genuine sale, where most of the risks and benefits are transferred to the purchaser, while the seller continues to use the asset and expose themselves to part (but not substantially all) of the risks and benefits, or if it is only a transaction for financial, tax or other purposes, where the risks/benefits deriving from the ownership of the asset remain, in substance, with the seller/lessee. IFRS 16 governs the issue: if the selling lessee transfers the asset to another entity (the purchasing lessor) and leases the asset back from the purchasing lessor, both the selling lessee and the purchasing lessor must recognise the transfer agreement and lease pursuant to IFRS 16.

To determine whether the transfer of the asset constitutes a sale, entities must apply the provisions for determining the time when the “obligation to act” pursuant to IFRS 15 is met; in the same way, IFRS 15 is applied to determine whether the transfer of the asset is recognised as a sale of the same asset.
A sale and a leaseback qualify as a sale if the purchasing lessor achieves control of the underlying asset.
The selling lessee measures the use asset deriving from the leaseback as the percentage of the previous book value of the asset that refers to the right of use withheld.
The gain (or loss) recognised by the seller is limited to the percentage of the total gain (or loss) that refers to the rights transferred to the purchasing lessee.
Any difference between the sale consideration and the fair value of the asset is an advance payment of the lease instalments (if the purchase price is lower than the market terms) or an additional payment (if the purchase price is higher than the market terms). The same logic applies if the lease payments are not at market rates.
The amendments are effective for years beginning on or after 1 January 2024, with early adoption permitted.
With reference to changes made to existing and upcoming accounting standards, their adoption is not expected, at this time, to have any material impact on the valuation of the Company's assets, liabilities, costs and revenues.

Accounting standards, amendments and interpretations not yet approved
At the preparation date of these financial statements, the competent bodies of the European Union have not yet concluded the approval process needed for the adoption of the accounting standards, amendments and interpretations described below.

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Company
Lack of exchangeability (Amendments to IAS 21)	Final amendment	Aug-23	1-Jan-2025	IFRS 1, IAS 21			
Financial agreements with suppliers (Amendments to IAS 7 and IFRS 7)	Final amendment	May-23	1-Jan-2024	IAS 7, IFRS 7			
Non-current Liabilities with Covenants	Amendment	Oct-22	1-Jan-2024	IAS 1, Statement of Practice 2			
Classification of liabilities as current or non-current - Deferral of the date of entry into force (Amendment to IAS 1)	Amendment	Jul-20	1-Jan-2023	IAS 1			
Classification of liabilities as current or non-current (Amendments to IAS 1)	Amendment	Jan-20	1-Jan-2023	IAS 1			

On 15 August 2023, the IASB published the document “Lack of exchangeability”, which amends IAS 21 “The effects of change in foreign exchange rates”. The amendments arose following a request submitted to the IFRS Interpretations Committee (the Committee) regarding the determination of the exchange rate in the event that a currency cannot be converted into another currency, which led to differences in practice. This lack of exchangeability could occur when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. As a result, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and instead turn to unofficial parallel markets. The IASB amended IAS 21 to clarify:

- when a currency is exchangeable with another currency; and
- how a company estimates a spot rate when a currency is not exchangeable.

On 25 May 2023, the IASB published the document "Financial agreements with suppliers (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments)". These amendments occurred as a result of a request received by the IFRIC relating to the requirements for the presentation of liabilities and related cash flows deriving from supplier finance arrangements (or "reverse factoring") and related additional information. The amendments introduce some specific disclosure requirements for supplier finance arrangements, and also provide guidance on the characteristics of these arrangements. The amendments are effective for annual reference periods beginning on or after 1 January 2024, with authorisation for early application.

On 23 May 2023, the IASB published the document "International tax reform - Pillar Two model rules (amendments to IAS 12)", which amends IAS 12 "Income taxes". The OECD "Global antibase erosion model rules" tax reform introduces a new two-pillar model, known as "Pillar Two", to address tax issues arising from the economy digitalisation. The model aims to limit tax competition by introducing a minimum 15% global rate in each jurisdiction in which large multinationals operate. The parent company will be required to pay any top-up tax for subsidiaries that operate in low tax jurisdictions and for which the current tax is lower than the 15% minimum threshold. The additional tax will be paid in the parent company's jurisdiction. The top-up tax is a current tax within the scope of application of IAS 12 in the consolidated financial statements of the ultimate group parent company, which, however, gives rise to several concerns in the accounting of the related deferred taxes. In this regard, with the amendment in question, the IASB has provisionally decided to amend IAS 12 by introducing:

- the temporary exception to the obligation to account for deferred taxes deriving from the implementation of the Pillar Two rules (including any qualifying national minimum supplementary tax);
- disclosure obligations.

The amendments are applicable immediately after the issue of the amendments and retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Other disclosure requirements are applicable for financial years starting on or after 1 January 2023. This information is not required for interim periods ending by December 2023.

On 31 October 2022, the IASB issued amendments to IAS 1 "Presentation of Financial Statements", which aim to improve the information provided by companies on long-term debt with covenants. IAS 1 requires a company to classify a liability as non-current only if the company has a right to defer settlement of the liability for at least 12 months after the reporting date. However, such a right is often subject to the company complying with covenants. For example, a company could have a long-term debt that could become repayable within 12 months if the company does not meet the covenants in that 12-month period. The amendments to IAS 1 specify that the covenants to be observed after the reporting date do not affect the classification of the liability as current or non-current at the reporting date. Instead, the amendments require a company to provide information on these covenants in the notes to the financial statements. The amendments are effective for years beginning on or after 1 January 2024, with early adoption permitted.

On 23 January 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements - Classification of liabilities as current or non current" aimed at providing clarifications on the classification of liabilities as current and non-current. In particular, the document states that a liability should be classified as current or non-current based on the rights existing at the balance sheet date. In addition, it establishes that the classification is not impacted by the entity's expectation to exercise its rights to defer the settlement of the liability. Finally, it is clarified that this regulation refers to the transfer to the counterparty of cash, equity instruments, other assets or services. As a result of the deferral defined with the amendments made on 15 July 2020, these amendments shall enter into force on or after 1 January 2023.
The standards and interpretations detailed above are not expected to have any material impact on the valuation of the Company's assets, liabilities, costs and revenues upon adoption.

Accounting estimates used in preparing the financial statements

Preparation of the financial statements in accordance with applicable accounting standards required the use of accounting estimates and assumptions based on complex and/or subjective assessments, on historical experience and on other factors that are deemed reasonable with respect to the circumstances and knowledge available at the reporting date. The use of these accounting estimates affects the carrying amount of assets and liabilities and the disclosure on contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs over the reference period; the actual results may differ from those estimated due to the uncertainty that characterises the assumptions made and the conditions on which the estimates are based. The estimates and assumptions are revised constantly. The effects of revised estimates are recognised in the income statement for the period in which the estimates are revised. The estimates mainly concern: amounts allocated to bad debt provisions, made according to the expected sale value of the assets to which they refer, in particular for financial assets the impairment model based on expected losses is used; amounts allocated to provisions for risks, made according to the reasonable estimate of the amount of the contingent liability, also with respect to any demands of the counterparty; amounts allocated for employee benefits, recognised according to actuarial valuations; amortisation/depreciation of tangible and intangible assets, recognised according to their remaining useful life and their recoverable amount; income taxes, determined according to the best estimate applying the current rate for the financial year; development costs, initial capitalisation for which is based on the technical and financial feasibility of the project (future cash flow projections are made for each project). The Company conducts impairment tests on goodwill at least once per year. For such tests an estimate is made on the value of the cash generating unit to which the goodwill pertains. This estimate requires a projection of future cash flows and the estimate of the discount rate after tax, which reflects the market conditions at the date of the assessment. The verification of the existence of control and/or of the possible loss of control requires the exercise of a complex professional judgement by the Company Management that considers the characteristics of the corporate structure, the agreements between the parties, as well as any other fact and circumstance that may be relevant for the purposes of said verification.

It should also be noted that certain valuation processes, in particular the more complex ones such as the determination of any impairment of non-current assets, are generally only fully carried out upon drafting the annual financial statements, when all the necessary information is available, except in cases in which there are indicators of impairment which call for an immediate impairment test.

Accounting standards and valuation criteria

The accounting standards adopted for drawing up this separate financial statements are the same as those adopted for drawing up the separate financial statements of the Company for the year ended 31 December 2022, except as noted above.

IFRS is intended as the International Accounting Standards (IAS) now in force, as well as all the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") formerly called the Standing Interpretations Committee ("SIC"), and in accordance with the regulatory provisions issued to implement art. 9 of Italian Legislative Decree no. 38/2005 (CONSOB Resolution no. 15519 of 27 July 2006 providing the "Rules for financial statement schedules", CONSOB Resolution no. 15520 of 27 July 2006 providing the "Changes and amendments to the Issuers' Regulation adopted under Resolution no. 11971/99", CONSOB notice no. 6064293 of 28 July 2006 providing rules for "Company disclosure pursuant to art. 114, paragraph 5, Italian Legislative Decree no. 58/98").

Property, plant and machinery

Property, plant and machinery are recognised at the cost of acquisition or production. The cost of acquisition or production is the price paid to acquire or build the asset and any other cost incurred to prepare the asset for use. The price paid to acquire or produce the asset is the cash price equivalent at the time of accounting; therefore, if payment is deferred beyond normal credit extension terms, the difference with respect to the equivalent cash price is recorded as interest for the extension period. The financial charges incurred for the acquisition or production of the asset are never capitalised. The capitalisation of costs relating to the expansion, modernisation or improvement of leased assets is done only in so far as they satisfy the requirements for being separately classified as an asset or part of an asset.

After initial recognition, plant, machinery and other assets are entered at cost, net of accumulated depreciation and any impairment. The depreciated value of each significant component of a property, plant and equipment, with a different useful life, is depreciated by the straight-line method over the expected period of use. Considering the homogeneity of the assets included in the individual categories of the financial statements, it is assumed that the useful life by category of assets is the following (with the exception of certain significant cases):

Land	**indefinite useful life**
Buildings	**33 years**
Plant and Machinery	**4 - 7 years**
Office Furnishings and Electronic Equipment	**5 - 8 years**
Equipment and Vehicles	**4 - 7 years**

Land, including pertaining to buildings, is accounted for separately and not depreciated as it is a component with indefinite useful life.

The depreciation criteria used, the useful life and residual value are reviewed at the end of each accounting period and, if necessary, redefined to take into account any significant changes.

Owned industrial buildings are carried at a value periodically reassessed at market value less depreciation and impairment (revaluation model). As set forth by IAS 16, the company measures fair value and then remeasures it only when there is a significant difference with respect to the carrying amount. Assets consisting of the right to use industrial buildings are valued by applying the cost model.

Costs that can be capitalised for improvements to leased assets are attributed to the classes of fixed assets to which they refer and depreciated for the shorter time between the remaining period on the lease agreement and the remaining useful life of the asset to which the improvement was made.

The carrying amount of property, plant and machinery is maintained in the financial statements to the extent that such value can be recovered through use. If significant factors are noticed, which include the likelihood of recovering the net carrying amount, an impairment test is performed to determine any loss of value. A reversal is applied if the conditions at the basis of the impairment no longer apply.

Goodwill

Goodwill is recognised in the financial statements in relations with business combinations and is initially recognised at cost, being the excess of the cost of the business combination over the net fair value of the assets, liabilities and contingent liabilities acquired. Goodwill is classified under intangible assets. From the acquisition date, the goodwill acquired in a business combination is allocated to each cash generating unit or groups of cash generating units. After initial recognition, goodwill is not amortised but measured at cost less any accumulated impairment losses. If goodwill was allocated to a cash generating unit and the entity disposes of an asset that belongs to that unit then the goodwill associated to the asset is included in the carrying amount of the asset when determining the gain or loss from the disposal. This amount is determined according to the values of the assets disposed of and the part kept.

Other intangible assets

Other intangible assets, which include development costs, patent rights and use of intellectual property, concessions, licenses, trademarks and similar rights and software, are recognised as assets only if all the conditions laid down in IAS 38 are met (cost can be measured reliably, as well as the technical feasibility of product, the asset can be identified or separated, the Company controls the asset, or it has the power to receive its future economic benefits, expected volume and price indicate that the costs incurred during development will generate future economic benefits) and valued at cost minus accumulated amortisation, determined on a straight-line basis over the period of expected use, on average, except for specific cases, of 3-5 years, and any impairment. The amortisation criteria used, the useful life and residual value are reviewed at the end of each accounting period and, if necessary, redefined to take into account any significant changes.

Costs for development projects are capitalised under the item "costs for capitalised internal projects" only when the development phase has ended and the product developed begins to generate economic benefit.

They are subject to amortisation. During the period in which costs are incurred for capitalised internal development projects they are floated in the Income Statement as increases in fixed assets for internal work and classed under "costs for capitalised internal projects".

Equity investments

Equity investments in subsidiaries and associated companies are valued at purchase cost not including any impairment. If the reasons for applying write-downs no longer exist then the investments are revalued in the amount of the write-down itself. Equity investments in other companies are measured at FVOCI.

The option to purchase a part of minority interests or the option to sell minority interests is taken into consideration when determining whether control has been acquired. Additionally, if control is acquired the amounts related to minority call options are considered financial liabilities as provided for under IAS 32.

Leases

On the date when the leased assets covered by the contract are available for use by the Company, the leases are accounted for as rights of use under non-current assets with a balancing entry of a financial liability.

The cost of the fee is broken down into its components of financial charge, recognised in the income statement during the term of the contract, and repayment of the principal, recorded as a reduction of the financial liability. The right of use is amortised on a monthly basis on a straight-line basis over the shorter between the useful life of the asset and the duration of the contract.

Rights of use and financial liabilities are initially measured at the present value of future payments.

The Company does not recognise the right-of-use assets separately in the balance sheet but includes them in the same line item in which the corresponding right-of-use assets would be recognised if they were owned (item "Property, plant and machinery").

The current value of financial liabilities for lease contracts includes the following payments:

- fixed payments;
- variable payments based on an index or rate;
- exercise price of a redemption option, if the exercise of the option is considered reasonably certain;
- payment of penalties to terminate the contract, if the exercise of the option to terminate the contract is considered reasonably certain;
- optional payments subsequent to the non-cancellable period, if the extension of the contract beyond the non-cancellable period is considered reasonably certain.

Future payments are discounted using the incremental borrowing rate. This rate consists of the risk-free rate of the country in which the contract is negotiated and is based on the duration of the contract. It is then adjusted based on the Company's credit spread and the local credit spread.

Rights of use are measured at cost, which is composed of the following elements:

- initial amount of the financial liability;
- payments made before the start of the contract net of lease incentives received;
- directly attributable accessory charges;
- estimated costs for dismantling or restoration.

The lease payments associated with the following types of lease contracts are recognised in the income statement on a straight-line basis for the duration of the respective contracts:

- contracts for which the underlying asset is a low-value asset;
- contracts for which the payment for the right of use of the underlying asset varies according to changes in facts or circumstances (not related to sales trends), not foreseeable at the initial date.

Low-value contracts mainly relate to the following categories of assets:

- computers, phones and tablets;
- office and multifunction printers;
- other electronic devices.

Government grants

Government grants are reported in the presence of a formal resolution and are accounted for as income in the financial year when related costs are incurred.

Grants received against specific assets whose value is carried under fixed assets are entered in the income statement in relation to the period of amortisation/depreciation for the assets to which they refer.

Advances received for terminated projects, for which a closing report has yet to be issued, have been classified as deductions from receivables. For ongoing projects, advances remain accounted for under liabilities.

Impairment of property, plant and machinery, goodwill, other intangible assets, investments

Impairment occurs every time the carrying amount of an asset is greater than its recoverable amount. The existence of any indicators suggesting impairment is checked at every reporting date. If those indicators are found, the recoverable amount of the asset is estimated (impairment test) and a write-down is recognised where necessary. Regardless of the existence of the indicators, an impairment test is carried out at least once a year for the assets not yet available for use and for goodwill.

The recoverable amount of an asset is the greater between its fair value, net of sale costs, and its value in use. The recoverable amount is calculated with reference to a single asset, unless it is unable to generate incoming cash flow from continued use notably independent of the incoming cash flows generated by other assets or groups of assets, in which case the test is carried out for the smallest unit generating independent flows which includes the asset in question (Cash Generating Unit).

When the write-down has no reason to be maintained, the carrying amount of the asset (or cash generating unit), except for goodwill, is increased to the new value obtained from its estimated recovery value, in any case not over the net carrying amount that the assets would have had if the write-down due to impairment had not been made. The restored value is charged to the income statement, unless the asset is measured at the re-valued figure; in this case the recovered value is posted under the revaluation reserve.

Financial assets (excluding derivative instruments)

The Company's financial assets are classified on the basis of the business model adopted for their management and the characteristics of the relative cash flows.

a) Financial assets at amortised cost

Financial assets are classified in this category when the following requirements are met: (i) the asset is held within a business model the objective of which is to hold the asset to collect its contractual cash flows; and (ii) the contractual terms of the asset call for cash flows represented solely by payments of principal and interest on the amount of principal outstanding. These are primarily trade receivables, financial assets and other assets.

The trade receivables that do not contain a significant financial component are recognised at the price defined for the relative transaction (determined in accordance with the provisions of IFRS 15 Revenue from contracts with customers).

The valuation policy applied following initial recognition is the amortised cost using the effective interest rate method. Long-term loans without an interest rate are accounted for by discounting future cash flows at the market rate if the increase in amounts is due to the passing of time. Amounts for interest are then carried in the income statement under the item "Financial income (charges) and other investments".

With reference to the impairment model, the Company values is receivables by identifying expected losses.

For trade receivables, the Company adopts a simplified valuation approach which does not require the recognition of periodic changes in credit risk, but rather the recognition of an expected credit loss (ECL) calculated on the entire life of the credit ("lifetime ECL").

In particular, the policy adopted by the Company calls for a matrix-type approach based on the following steps:

- historical analysis of losses on trade receivables;
- definition of appropriate customer groupings based on the characteristics of credit risk highlighted by the historical analysis;
- determination of the historical rate of loss by customer grouping on the basis of the losses recognised in relation to the amount of receivables in the reference period or in relation to the overdue brackets if the relative information is available without excessive effort;
- any adjustment of the historical rate of loss based on current and forecast information (changes in the economic, regulatory and technological context, industry outlooks, etc.).

If there is no reasonable expectation of recovery, trade receivables are written off.

With reference to non-current financial receivables, related to loans granted to the parent company and to the subsidiaries, the Company adopts the general approach for valuation, which requires the verification of any increase in credit risk at each reporting date.

The write-downs recognised pursuant to IFRS 9 are posted to the income statement net of any positive effects linked to releases or restorations of value and are represented under costs.

b) Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets are classified in this category when the following requirements are met: (i) the asset is held within a business model the objective of which is achieved by collecting the contractual cash flows and by selling the asset; and (ii) the contractual terms of the asset call for cash flows represented solely by payments of principal and interest on the amount of principal outstanding.

These assets are initially recognised in the financial statements at fair value plus any accessory costs directly attributable to the transactions that generated them. On subsequent measurement, the valuation carried out upon recognition is updated and any changes in fair value are recognised in the statement of comprehensive income. Please refer to what is described in point a) above with regard to the impairment model.

c) Financial assets at fair value through profit or loss ("FVPL")

This category includes financial assets that are not classified in either of the previous categories (i.e., residual category). These are primarily derivative instruments that do not meet requirements for hedge accounting.

The assets belonging to this category are recognised at fair value upon initial recognition. The accessory costs incurred on recognition of the assets are charged immediately to the income statement. On subsequent measurement, FVPL financial assets are valued at fair value.

Gains and losses deriving from changes in fair value are accounted for in the income statement in the period in which they are identified, in the item "Profit (Loss) from assets at fair value". Purchases and sales of financial assets are accounted for at the settlement date.

Financial assets are derecognised when the relative contractual rights expire, or when the Company transfers all risks and rewards of ownership of the financial asset.

Financial liabilities (excluding derivative instruments)

Financial liabilities include financial payables, trade payables and other payables.

Payables to banks and other lenders are initially recognised at fair value net of directly attributable transaction costs and subsequently measured at amortised cost, applying the effective interest rate approach. If there is a change in expected cash flows, the value of the liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal rate of return initially determined.

Lease payables are initially measured at the current value of future payments.

Trade payables are obligations to pay against goods or services acquired from suppliers within the scope of ordinary business activities. Payables to suppliers are classified as current liabilities if payment will take place within one year of the reporting date. Otherwise, those payables are classified as non-current liabilities. Trade payables and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or fulfilled.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset in the balance sheet when there is a currently exercisable legal right to the offsetting and there is an intention to settle the relationship on a net basis (i.e. to realise the asset and settle the liability simultaneously).

Inventories

Inventories are recognised at the lesser value between the purchase price, determined in accordance with the specific cost, and the net sales price. The cost is the fair value of the price paid and any other cost directly attributable with the exception of financial charges. The net sales value is the estimated sales price net of costs for completion and sales. Any write-downs are eliminated in subsequent financial years if the reasons for the write-down no longer apply.

Work in progress contracts

Work in progress is recognised according to the state of progress or percentage of completion so that costs, revenues and margin are carried according to the state of progress determined by referring to the ratio between costs incurred at the date of valuation and total expected cost. The valuation reflects the best estimate of programmes carried out at the reporting date. The estimates are updated periodically. Any economic effects are accounted for in the financial year in which the updates are made. If completed contract work is expected to result in a loss, this is recognised entirely in the financial year in which it is reasonably forecast based on the provisions stated in IAS 37 "Provisions, contingent liabilities and contingent assets". Work in progress contracts are carried without including any write-down provisions as well as payments on account and advances for the contract in progress. Whenever the difference is positive for work in progress higher than the amount of advance payments then it is classified under assets in the item in question. Whenever this difference is negative the amount is classified under liabilities in the item "advance payment on work in progress contracts". Contract revenues include: contractually agreed fees as well as other variable elements (work changes, price revisions, incentives, claims and penalties). The variable components of the contract revenues are estimated at the expected value or to the extent of the most probable amount. In addition, variable considerations are recognised only to the extent that it is considered highly probable that when the uncertainty associated with the related valuation is subsequently resolved, there will be no significant downward adjustment of the amount of revenues recognised. Costs include: all costs that refer directly to the contract, costs that are attributable to the contract activity in general and that can be allocated to the contract, in addition to any other cost that can be specifically charged to the customer under the terms of the contract.

Cash and cash equivalents

Cash and cash equivalents consists of short-term investments (generally not exceeding three months), easily convertible into known amounts of cash and subject to an insignificant risk of changes in value. They are carried at fair value.

For the purpose of the cash flow statement, cash and cash equivalents are made up of cash, demand deposits at banks, short-term, highly liquid financial assets (original maturity not exceeding three months). Current account overdrafts are carried under current financial liabilities.

Treasury shares

Treasury shares are reported in reduction of share capital. No profit (loss) is recognised in the Income statement for the acquisition, sale, issue or cancellation of treasury shares.

Employee benefits

Short-term benefits

Short-term benefits for employees are accounted for in the income statement in the period in which the work was performed.

Defined benefit plans

The Company grants its employees benefits under the Employee Severance Indemnity (TFR). The employee severance indemnity accrued at 31 December 2006 is considered a defined benefit to be accounted for in accordance with IAS 19. These benefits fall under the definition: defined benefit plan determined in existence and amount but uncertain in when payable.

The total amount of the obligation is calculated on a yearly basis by an external actuary using the Projected Unit Credit Method. Actuarial gains and losses are fully accounted for in the related financial year.

Recognition of the changes in actuarial gains/losses is carried amongst the statement of comprehensive income components.

Defined contribution plans

The Company takes part in public or private pension plans with defined contributions on a mandatory, contractual or voluntary basis. Payment of the contributions fulfils the Company's obligation towards its employees. Thus, such contributions form an expense for the period in which they are due.

The employee severance indemnity accrued after 31 December 2006 is considered a defined contribution obligation.

Share-based payments - Stock grant

The Company recognises incentives consisting of plans for participation in the share capital ("stock grants") to some subjects who cover key positions within the Company. The stock grant plans are equity settled, and make it possible to receive shares of the Company free of charge at the end of the vesting period.

As set forth in IFRS 2, equity settled stock grant plans are measured at fair value through profit or loss under staff costs throughout the period between the assignment date and the vesting date and an equity reserve is recognised as an offsetting entry. The fair value of the stock grant is determined at the assignment date, reflecting the market conditions existing at the date in question.

At each reporting date, the Company reviews the assumptions regarding the number of stock grants expected to vest and recognises the effects of any change in the estimate in the income statement, adjusting the corresponding equity reserve.

Contingent assets and liabilities

Contingent assets and liabilities of an unlikely (but possible) or remote nature are not recognised in the financial statements; nevertheless, adequate reporting is provided concerning possible contingent assets and liabilities.

Whenever there is any financial disbursement relating to the obligation, and it occurs after the normal payment terms and the effect of discounting back is significant, the amount set aside corresponds to the current value of future payments expected to cancel the obligation.

Provisions for risks and charges

Provisions for risks and charges are probable liabilities of an uncertain amount and/or due date deriving from past events whose fulfilment will entail the use of economic resources. The amounts are only set aside if there is a current, legal or contractual obligation which makes the use of economic resources necessary, provided a reliable estimate of the obligation can be made. The amount recognised is the best estimate of the expense to fulfil the obligation at the reporting date. Provisions set aside are reviewed at every reporting date and adjusted to ensure they are the best current estimate.

Derivative instruments

The Company has chosen to continue applying the provisions contained in IAS 39 with regard to hedge accounting.

Derivative contracts were recognised according to the designation the derivative instruments (speculative or hedging) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For contracts designated as speculative, any changes in fair value are directly recognised in the income statement.

In hedging contracts, Fair Value Hedge is accounted for by recognising any changes in the fair value of the hedging instrument and the instrument hedged.

If it is identified as Cash Flow Hedge, it is accounted for by floating the fair value portion of change of the hedging instrument, which is recognised as effective cover in the shareholders' equity, and charging the ineffective portion to the Income statement. The changes recognised directly under shareholders' equity are released in the income statement in the same reporting period or periods in which the asset or liability hedged influences the income statement.

Asset transfers

The assets transferred by way of factoring transactions, which comply with the requirements established by IFRS 9, are derecognised from the balance sheet.

Revenues

The recognition of revenues is based on the following 5 steps: (i) identification of the contract with the customer; (ii) identification of the separate performance obligations (i.e., contractual promises to transfer goods and/or services to a customer); (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified based on the stand-alone selling price of each good or service; and (v) recognition of revenues when the relative performance obligation is satisfied.

The revenues were allocated amongst the different performance obligations based on "stand-alone selling prices" of the related performance obligations.

When the price established in the contract for the individual good or service does not represent the stand-alone selling price, the latter is determined from the market if directly observable or is estimated using the expected cost plus margin method when not observable on the market. For a good or service whose price applied by the Company is highly variable or for which a price is not set because it is never sold separately, the stand-alone selling price is calculated as the difference between the total price minus the sum of the observable stand-alone selling prices of other goods and services.

The Company's obligations to transfer to the customer goods or services for which it received consideration therefrom or for which the amount of the consideration is due, are shown under the liability item "Advance payments on work in progress contracts" for the assets recognised in "Work in progress contracts" and in the item "Other current liabilities" in other cases.

The Company includes in the transaction price all or part of the amount of the variable consideration only to the extent that it is highly probable that when the uncertainty associated with the variable consideration estimated under the expected value or most probable value method is subsequently resolved, there will not be a significant downward adjustment to the amount of cumulative recognised revenues. Therefore, the penalties requested by customers in accordance with contractual provisions are deducted from the consideration of the order when the degree of risk related to them is probable or possible.

Below is a description of the nature and methods for recognising revenues by category of goods and services provided by the Company.

Projects and services

The category in question includes IT services, support services and entire projects for software and/or complex IT system development. With reference to this category, control of the service is transferred to the customer over time, and therefore the Company meets the performance obligation and recognises revenues over time by evaluating the progress of activities with the method that best reflects what was done to transfer control over the promised goods or services to the customer, which is substantially dependent on the way the service is provided.

The methods used to evaluate progress are:

- Time based method for services provided in stand-ready mode, services which consist of providing to the customer an assistance structure which intervenes when and if requested, typically application monitoring, remote assistance and/or network services for applications, training and application instruction, adaptation and corrective maintenance.
- Cost to cost for projects and services provided on a lump-sum basis, services and projects carried out on customer specifications that may include various components that are highly integrated and customised based on customer needs and represent input for the fulfilment of the overall obligation specified by the customer.
- Unit/Hours worked for advisory and support services at tariff rates; these are activities for which the benefit transferred to the customer is measured based on the hours or units worked and the agreed rate.

This category also includes on a residual basis projects and services for which the Company acts in its capacity as agent, without the primary responsibility for fulfilling the obligation.

Maintenance

This category includes maintenance and assistance services on third-party hardware and software and on proprietary software. The service is provided by activating the manufacturers' maintenance service and is managed by the company, which has primary responsibility for it or, with respect to proprietary software, consists of adaptation and corrective maintenance activities, releasing unspecified software updates and providing user support.

The service is provided in stand-ready mode or with constant effort. Revenues are recognised over time with the time based method.

Third-party hardware and software

This category includes revenues for sales of hardware and software acquired from third parties when they represent a distinct obligation, i.e., when they are not closely integrated, interrelated or dependant on other goods and services promised in the contract. The revenues are recognised at a point in time at the moment of delivery and/or installation.

Proprietary licences

This category includes revenues for sales of user licences on proprietary software generally granted as usage rights and for an unlimited period of time.

When the offer scheme does not include installation and configuration services, the revenues are recognised at a point in time when the access code required for use is provided to the customer.

When the offer scheme includes installation and configuration services, the obligation is considered distinct only if the services are not significant and/or do not entail considerable customisation activities and/or integration with other systems used by the customer; the revenues are recognised at a point in time after installation is complete.

In certain cases, proprietary licences are granted under an access right scheme for a limited period of time. In these cases, the customer is provided with a continuous service consisting of access to intellectual property and the revenues are accounted for over time with the time based method.

System Integration

This category includes revenues relating to the provision of services for the design, development and installation of solutions for integrated network systems. This category includes two types:

- Supply of equipment and non-complex installation services with no intermediate contractual milestones. The revenues are recognised at a point in time at the moment of installation.
- Supply of equipment, complex installation services and/or other strictly integrated, interrelated or interdependent professional services, which represent a single performance obligation the revenues of which are recognised over time with the cost to cost method.

Costs

Costs are recognised when they relate to goods and services sold or consumed during the year, by systematically breaking them down or when their future useful life cannot be identified.

Financial income and charges

Payable/receivable interest is recognised as financial income/charges after being checked on an accruals basis.

Dividends

Dividends are recognised when the shareholders hold the right to receive them, in accordance with local legislation.

Income taxes

Taxes during the reporting period are defined on the basis of amounts expected to be due according to the tax laws in force.

The Company periodically assesses the choices made when calculating taxes with reference to situations in which the tax legislation in force is open to interpretation and, if it deems it appropriate, adjusts its exposure to the tax authority on the basis of the taxes it expects to pay.

In addition, deferred tax assets and liabilities and those paid in advance are recognised on the temporary differences between the values carried in the financial statements and the corresponding values recognised for tax purposes, and showing accumulated tax losses or unused tax credits, provided it is probable that the recovery (discharge) reduces (increases) future tax payments with respect to those that would have occurred if that recovery (discharge) had not had any tax effect. The tax effects of transactions or other events are recognised in the income statement or directly under shareholders' equity using the same methods used to recognise transactions or events that result in taxation.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is more likely that sufficient tax profits will be available in the future so that all or part of the related credit can be used. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become probable that the tax profit will be sufficient to allow these deferred tax assets to be recovered. Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied to the year in which said assets are realised or said liabilities are extinguished, considering the rates in force and those already substantially issued at the reporting date. Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets against current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authority.

Foreign currency

The Company's financial statements are presented in Euro, the functional currency of the Company.

Transactions in foreign currency are converted into euro at the rate of exchange on the date of the transaction. Exchange gains and losses arising from liquidation related to these transactions and the conversion of monetary assets and liabilities into foreign currency are recognised in the income statement.

Segment reporting

Based on its internal organisational structure, the Company has identified a single operating segment corresponding to the IT (Information Technology) sector, which corresponds to the legal entity Exprivia.

Financial risk management

Exprivia is exposed to the following financial risks:

Interest Rate Risk

At the end of November 2020, Exprivia took out a bank loan agreement backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan, pursuant to the Liquidity Decree (Italian Decree Law no. 23 of 08/04/2020 converted into Italian Law no. 40 of 05/06/2020), which envisages a variable interest rate. This is joined by other loans, some of which are variable interest rate loans and others subsidised loans, the latter being linked to funded research and development projects.

The interest rate risk is due to the exposure of floating rate bank loans, and in the event of a further rise in interest rates, the Exprivia Group would not experience a significant impact on the increase in future financial charges, in the event of a change +0.50% compared to the current interest rate level.

The loans taken out with the Ministry of Economic Development are not exposed to interest rate risk, as they provide for the application of a fixed rate.

Credit Risk

The Company does not have significant concentrations of credit risk except for work carried out in the Public Administration sector, where delays are recorded mainly due to the payment policies adopted by public bodies. They often do not respect the conditions set forth in contracts but, nevertheless, they do not lead to the risk of bad debts.

The Company also manages this risk by selecting counterparts considered to be solvent by the market and with high credit standing.

All amounts receivable are periodically assessed for each individual customer, and they are written down when they are considered impaired. Risk for the Company is mainly related to trade receivables.

Liquidity Risk

Liquidity risk is prudently managed by planning cash flows, financing needs and monitoring the liquidity of Exprivia Group to ensure effective adequate financial resources are available, by managing any surplus liquidity, and by opening credit lines where necessary, including short-term ones.

Despite the complexity of the current economic and financial context and the persistence of a situation of great market volatility, the Exprivia Group believes that it will be able to meet its financial commitments through the efficient management of its financial resources.

Exchange Rate Risk

Since the majority of operations carried out by the Company is in the Euro Area there is limited exposure to foreign exchange risk arising from transactions that are not in the usual currency (Euro). Fluctuating exchange rates during the financial year did not have a significant effect on the Company.

Risk related to climate change

Climate change, environmental protection and the consequent evolution of the reference context may lead to the identification of risks for the Company and require preventive actions on certain types of processes and products to reduce their effects.

The Company's activities, to ensure the transition to a low-polluting economy, may be subject to transition and physical risks, with possible impacts on business processes, in particular production processes, as well as on the products and services offered. The sites and company assets may also be affected by catastrophic natural events (floods, droughts, fires and other) generated by the effects of climate change. The Company pursues a business strategy aimed at continuously improving the efficiency of production systems and processes for the reduction of energy consumption and atmospheric emissions and adopts technical and organisational measures aimed at reducing its environmental impacts, already insignificant by their nature, as they are similar to those generated by office activities. The Company carries out detailed and frequent interventions to monitor and control production activities and the infrastructures and structures used, and has defined operating procedures for the management of some environmental emergencies (e.g. fire emergency, flooding, etc.). The Company also has specific insurance coverage that covers possible consequences arising from disastrous climatic and natural events. The Company believes that its current exposure to the consequences of climate change is not significant and that they do not materially affect accounting estimates.

Risk deriving from the Russia-Ukraine conflict

As is well known, in mid-February 2022 Russia attacked Ukraine; the conflict has now lasted for two years and brings war with all its terrible consequences and suffering back to Europe. The conflict is undoubtedly having a strong impact on the whole economy, leading to ever-increasing costs of raw materials, energy sources and foodstuffs. To date, it is also difficult to predict what the next scenarios created by this conflict may be. Specifically, Exprivia, having no commercial or financial relations with the two opposing countries, is not directly impacted by the conflict and therefore does not record any losses or critical situations arising from it.

Risks associated with the macroeconomic context

The current uncertainty of the macroeconomic context, also linked to the tail of the COVID-19 pandemic, natural disasters, geopolitical events such as the Ukraine-Russia conflict and inflation, involves a number of risks, including changes in consumer demand, interrupted supply chains, staff shortages, increased market volatility and changes in the way we work.

The sector in which the Company operates is not directly exposed to these risks, in particular with reference to the supply chain. However, the Company is facing the challenges imposed by these uncertain times, particularly with regard to commercial transactions and the ability to increase its sales prices in the face of rising salary costs, seeking to increase the prices of its services professional.

Reconciliation of financial assets and liabilities according to IFRS 7

To complement the reporting on financial risks, the table below provides a reconciliation between financial assets and liabilities included in the Company's balance sheet and classes of financial assets and liabilities provided by IFRS 9 (amounts in thousands of euro).

It should be noted that the financial instruments reported above, with reference to loans, receivables, payables and investments, were measured at carrying amount, given it is considered to be an approximation of their fair value.

Derivative financial instruments and those available-for-sale are measured at level 2 on the fair value hierarchy.

The table below shows current and non-current financial liabilities (amount in thousand Euro) with an analysis of the maturities of the non-current part:

Financial Liabilities	of which		Analysis of the payment deadlines of non current liabilities			
	Current	Not current	within 1 year	1 to 2 years	3 to 5 years	over 5 years
Bank debts	18,642	9,732	5,308	4,129	296	-
Lease financial liabilities	1,789	4,433	1,782	1,238	1,413	-
Other financial liabilities	3,851	15	5	-	-	10

Fair Value Hierarchy Measurement

For financial instruments carried in the balance sheet at fair value, IFRS 7 requires that these values be classified according to a hierarchy reflecting the significance of input used in determining fair value. There are three levels as follows:

- **Level 1** - quoted prices on an active market for similar assets or liabilities;
- **Level 2** - inputs other than the quoted prices in level 1, which are directly observable (prices) or indirectly (price-related inputs) observable on the market;
- **Level 3 -** inputs that are not based on observable market data.

Explanatory Notes on the Exprivia SpA Balance Sheet at 31 December 2023

Details are provided below on the entries making up the assets and liabilities that comprise the balance sheet, which is drawn up in accordance with international accounting standards (IAS/IFRS).

All the figures reported in the tables below are in Euro, unless expressly indicated.

NON-CURRENT ASSETS

Note 1 – Property, Plant and Machinery

At 31 December 2023, the balance of the item "**property, plant and machinery**", net of depreciation, amounted to Euro 17,214,688 compared to Euro 16,052,738 at 31 December 2022.

Changes in the financial year for each category of assets are detailed below:

Categories	Historical cost 01/01/2023	Historical cost increase	Historical cost decrease	Depreciation for the year	Decrem. Depreciation fund	Net value at 31/12/2023
Land	1,278,394	-	-	-	-	1,278,394
Building	11,028,981	3,372,363	(1,527,419)	(1,073,575)	-	11,800,349
Other assets	3,745,363	2,506,785	(1,433,603)	(1,923,705)	1,241,105	4,135,945
TOTALI	**16,052,738**	**5,879,148**	**(2,961,022)**	**(2,997,281)**	**1,241,105**	**17,214,688**

The increase in the item "**buildings**", amounting to Euro 3,372,363, is attributable to the recognition of the right of use according to IFRS 16 of the lease contracts entered into during in 2023; the decrease of Euro 1,527,419 is attributable to the conclusion of leases in 2023.

The increase of Euro 2,506,785 in the item "**other assets**" is attributable, for Euro 1,948,368, to the recognition of the right of use according to IFRS 16 of the medium/long-term rental contracts for cars, stipulated in 2023 and for Euro 459,060 relating to electronic office machines.

The decreases are mainly attributable to the conclusion of medium/long-term contracts for the rental of cars valued according to IFRS 16 and to the disposal of assets no longer in use, almost entirely depreciated.

Please note that there is a first mortgage on the real estate complex located in Molfetta (BA) at Via Olivetti 11, for a maximum amount of Euro 50 million to guarantee the timely fulfilment of obligations arising from the Euro 25 million loan taken out on 1 April 2016 from a pool of banks, which was fully repaid by 31 December 2022. The cancellation of the mortgage, following the conclusion of the repayment plan, was recorded on 3 April 2023.

With regard to rights of use recognised in accordance with IFRS 16, as well as to assets previously recognised as leases by applying IAS 17, the changes are detailed below:

Description	Net value as of 01/01/2023	Increases at 31/12/2023	Decreases at 31/12/2023	Depreciation at 31/12/2023	Decreases in the accumulated depreciation at 31/12/2023	Net value as of 31/12/2023
Land and building	1,794,695	3,372,363	(1,527,419)	(577,747)	-	3,061,892
Furniture and furnishings	8,358	-	-	(8,358)	-	-
Other assets	2,374,134	1,948,368	(966,315)	(1,310,597)	776,537	2,822,129
TOTAL	**4,177,187**	**5,320,731**	**(2,493,734)**	**(1,896,702)**	**776,537**	**5,884,020**

Financial payables relating to the current value of the remaining lease payments at 31 December 2023 amounted to Euro 6,222,017, of which Euro 1,788,965 classified as current liabilities and Euro 4,433,052 classified as non-current liabilities.

The amounts relating to leases recognised in 2023 compared to those recognised in 2022 in the income statement are as follows.

Description	31/12/2023	31/12/0222	Variations
Use of third party assets	**(311,449)**	**(153,360)**	**(158,089)**
Short term leasing	(20,191)	(4,219)	(15,973)
Leasing of modest value	(291,258)	(149,141)	(142,117)
Depreciation and write-downs of non-current assets	**(1,896,702)**	**(1,865,431)**	**(31,271)**
Amortization of rights to use leased assets	(1,896,702)	(1,865,431)	(31,271)
Financial income (charges)	**(222,707)**	**(171,877)**	**(50,830)**
Interest expense for leased assets liabilities	(222,707)	(171,877)	(50,830)

For comparative purposes, the changes in property, plant and equipment occurred in the previous year are shown below:

Categories	Historical cost 01/01/2022	Historical cost increase	Historical cost decrease	Depreciation for the year	Decrem. Depreciation fund	Net value at 31/12/2022
Land	1,278,394	-	-	-	-	1,278,394
Building	12,242,875			(1,213,894)		11,028,981
Other assets	4,201,120	1,825,856	(1,623,953)	(1,915,773)	1,258,113	3,745,363
TOTAL	**17,722,389**	**1,825,856**	**(1,623,953)**	**(3,129,668)**	**1,258,113**	**16,052,738**

Note 2 – Goodwill

At 31 December 2023, "**goodwill**" amounted to Euro 66,791,188 and there were no changes from the figure at 31 December 2022.

Goodwill was generated in the business combinations made in previous financial years as a result of the Company's growth from acquiring companies operating in the same market.

Information on Impairment Tests performed on Goodwill

Scope

IAS 36 requires that impairment tests should be performed on property, plant and equipment and intangible assets in the presence of indicators that suggest the possible existence of this problem.

In the case of goodwill, as well as all other intangible assets with an indefinite useful life, such impairment tests should be performed on a yearly basis or more frequently in the case of special negative events that might result in impairment.

Identification of the CGUs (Cash Generating Units) and Allocation of Goodwill

Not representing goodwill, according to international accounting standards, an asset that is unable to generate cash flow independently from other assets or groups of assets cannot be tested for impairment separately from other related assets.

For this purpose, goodwill is allocated to a CGU or groups of CGUs in compliance with the maximum aggregation consistent with the notion of operating segment referred to in IFRS 8.

The goodwill is allocated in full to the single IT, software and IT services CGU.

Impairment Test Process and Assessment System

The recoverability of the amount of goodwill carried in the financial statements is checked by comparing the carrying amount of the CGU and the recoverable amount in the definition of value in use. At the date of the analysis, the value in use is identified as the current value of future cash flow expected to be generated by the CGUs. The "DCF - Discounted Cash Flow" model was used in determining the value in use. The DCF discounts estimated future cash flow by applying an appropriate discount rate.

For the purpose of the projections required by IAS 36, strict reference was made to the current conditions of use of the CGU regardless of the cash flow from any investment plans and extraordinary transactions that may constitute a "break" from normal company operations.

The operating cash flow projections for the explicit 5-year period used for value measurement purposes are based on the plans subject to approval of the Board of Directors on 28 February 2024.
It should be noted that, in line with ESMA recommendations, the current macroeconomic scenario and related uncertainties, also related to climate issues, were taken into account in economic and financial projections. In particular, also considering the sector in which the Group operates, it should be noted that climate-related issues have no material impact and do not affect the assumptions underlying the economic and financial projections used in estimating the recoverable value of assets.

The terminal value was calculated as the present value of the perpetuity obtained by capitalising the cash flow generated in the last analytical forecast period at a long-term growth rate (G-rate) of 2.00%, equal to the long-term inflation rate forecast for Italy.

The Beta ratio has been estimated on the basis of a panel of comparable companies.

The weighted average cost of capital or WACC, was increased to incorporate an additional risk premium of 1%, which reflects the uncertainties related to future global economic scenarios due to both the pandemic and the geopolitical crisis; while the execution risk of the plan, calculated on the basis of the average deviation percentage between the EBITDA achieved and the EBITDA estimated in the last eight years, was positive.

The main assumptions underlying the 2024-2028 economic-financial forecasts are listed below:

- for 2024-2028 the projections reflect an average compound annual growth rate of Total revenues of 1% (CAGR 2024-2028) and average profit margin of 14.9%.

The WACC (Weighted Average Cost of Capital) used to discount cash flows was equal to 9.88% and was determined as the specific discount rate for Italy.

The parameters used are as follows:

Parameters	Italy
Risk free rate	2,44%
Equity Risk Premium	5,5%
D/E	9,05%
Beta unlevered	62,8%
Beta levered	67,1%
Risk Premium	3,7%
Country Risk Premium	3,21%
Premio per il rischio addizionale	1,0%
Cost of equity (Ke)	**10,35%**
Risk free rate	2,4%
Spread	3,8%
Cost of debt (Kd Pre tax)	**6,20%**
Aliquota IRES / IS	24,0%
Cost of debt (Kd after Tax)	**4,71%**
D/D+E	8,30%
E/D+E	91,70%
WACC	**9,88%**

The discount rate (WACC), as well as the long-term growth rate (G rate), were determined with the support of an independent expert.

Sensitivity Analysis

A sensitivity analysis was carried out on the outcome of the impairment test assuming the following changes:

- a 0.5 percentage point increase in the weighted average cost of capital;
- a 0.5 percentage point decrease in the growth rate "G";
- the combined change in both the variables indicated above.

The sensitivity analysis shows that the values used are higher than the carrying amounts.

Conclusions

The tests performed did not show any impairment that should be reported in the financial statements.

Note 3 – Other Intangible Assets

At 31 December 2023, the balance of the item "**Other intangible assets**" amounted, net of amortisation applied, to Euro 7,196,706 compared with Euro 8,133,956 at 31 December 2022.

The table below shows the changes in the reporting period:

Categories	Net value as of 01/01/2023	Increases at 31/12/2023	Decreases at 31/12/2023	Depreciation	Net value at 31/12/2023
Cost of plant and extension	978,606	234,705		(455,418)	757,892
Development of advertising	4,829,634	3,613,830	-	(2,252,743)	6,190,721
Assets under constr. & payment on a/c	2,325,717	100,096	(2,177,721)	-	248,092
TOTAL	**8,133,956**	**3,948,631**	**(2,177,721)**	**(2,708,161)**	**7,196,706**

The increase in the item "**other intangible assets**" totalling Euro 234,705 mainly refers to the purchase of software licenses (Euro 229,584).

The increase in the item “**costs for capitalised internal projects**” of Euro 3,613,830, including transfers of Euro 2,177,721 in work in progress amortised during the year following the start of the related projects, is attributable to the development of software applications in the Banking & Finance, Healthcare and Defence & Aerospace markets.

The increase in the item "**Assets under construction and payments on account**" of Euro 100,096 is attributable to the development of software applications not yet completed in the Defence & Aerospace market, while the decrease of Euro 2,177,721 is attributable to the aforementioned development of software applications already completed and therefore amortised, as part of the afore-mentioned market.

For comparative purposes, the changes in intangible assets occurred in the previous year are shown below:

Categories	Net value as of 01/01/2022	Increases at 31/12/2022	Decreases at 31/12/2022	Depreciation	Net value at 31/12/2022
Cost of plant and extension	1,484,836	53,759	-	(559,990)	978,605
Development of advertising	5,085,125	1,814,416	-	(2,069,907)	4,829,634
Assets under constr. & payment on a/c	2,673,074	499,245	(846,602)	-	2,325,717
TOTAL	**9,243,035**	**2,367,420**	**(846,602)**	**(2,629,897)**	**8,133,956**

Note 4 – Equity Investments

The item "**equity investments**" at 31 December 2023 amounted to Euro 8,592,751 compared to Euro 8,970,831 at 31 December 2022.

The item is broken down below.

Equity Investments in Subsidiaries

At 31 December 2023, the item "**equity investments in subsidiaries**" amounted to Euro 7,968,858 compared with Euro 8,194,062 at 31 December 2022. The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	1,709,366	1,709,366	-
Group Exprivia S.L.U	2,445,876	2,445,876	-
Exprivia Do Brasil	2,574,976	2,574,976	-
Exprivia Chile	1,131	1,131	-
ProSap SA de CV (Messico)	382,371	563,268	(180,897)
Advanced Computer Systems Gmbh	25,000	25,000	-
Spegea S.c.a r.l.	300,000	300,000	-
HRCOFFEE Srl	158,134	202,442	(44,308)
Consorzio Exprivia S.c. a r.l.	22,003	22,003	-
Exprivia Asia Ltd	350,000	350,000	-
TOTALS	**7,968,858**	**8,194,062**	**(225,205)**

The changes in equity investments in subsidiaries during 2023 compared with 2022 relate to:

- the change in the equity investment in Exprivia Messico SA de CV is related to an increase, equal to Euro 900,378, for the waiver of financial receivables claimed by Exprivia SpA from the subsidiary and a decrease of Euro 1,081,275 relating to the write-down of the equity investment based on the results of the impairment test, details of which are provided below. It should be noted that against the capital contribution by the shareholder Exprivia SpA following the waiver transaction, the shareholding percentage is equal to 98.57% (Exprivia Slu holds the remaining 1.43% interest);
- the change in the equity investment in HRCOFFEE Srl is related to a decrease of Euro 44,308 for the write-down of the equity investment based on the results of the impairment test, details of which are provided below.

It should be noted that Exprivia SpA holds 100% of the share capital of Beta TLC SpA (formerly Italtel SpA), a company inactive since 1 April 2022, whose carrying amount is zero as it was fully written down at 31 December 2019 following the results of the impairment test carried out on that date and described in the Annual Report at 31 December 2019.

Moreover, on 31 December 2023, there was a pledge on equity no. 9 representative of 25,000,000 category A shares corresponding to 81% of the ordinary share capital of Beta TLC SpA, granted to guarantee the obligations deriving from loan agreements taken out by Beta TLC SpA (formerly Italtel SpA); from 1 April 2022 these obligations were transferred to Assumptor external to the Exprivia Group, therefore there are no risks pertaining to Exprivia. On 14 June 2022, Exprivia purchased 19% of the share capital of Beta TLC SpA from Cisco Systems International BV, thus bringing its stake in the company to 100%. On 27 June 2022, the Shareholders' Meeting of Beta TLC SpA resolved its liquidation, agreed by the holders of the equity instruments on 16 March 2023, and recorded in the Register of Companies on 31 March 2023.

Impairment test process for the equity investment and assessment system

The equity investments were subjected to impairment tests where impairment indicators were detected. The impairment test was performed by applying the methodology indicated in note 2 with reference to Goodwill, however using specific G and WACC parameters established with reference to the countries in which each company operates.

In particular, the recoverability of the book value of the equity investment in Exprivia Messico SA de CV was verified, amounting to Euro 1,464 thousand, due to the transactions carried out on the share capital in 2023. The recoverability of the book value of the equity investment was verified based on the cash flow projections deriving from the economic-financial forecasts for the years 2024-2027 approved by the company’s Board of Directors which envisage the following main assumptions:

- for 2024-2028 the projections reflect an average compound annual growth rate of Total revenues of -27.5% (CAGR 2023-2028) and average profit margin of 11.5%.

The terminal value was calculated as the present value of the perpetuity obtained by capitalising the cash flow generated in the last explicit forecast period at a long-term growth rate (G-rate) of 3%, equal to the long-term inflation rate forecast for Mexico.

The WACC (Weighted Average Cost of Capital) used to discount cash flows was equal to 9.44% and was determined as the specific discount rate for Mexico.

The impairment test brought to light impairment of Euro 1,081 thousand compared to the carrying amount of the equity investment in Exprivia Messico SA de CV; impairment was therefore recognised on the basis of the results of the test performed, as the fair value of the equity investment net of selling costs was lower than the value in use.

Furthermore, the recoverability of the book value of the equity investment in HRCoffee Srl was verified, amounting to Euro 202 thousand. The recoverability of the book value of the equity investment was verified based on the cash flow projections deriving from the economic-financial forecasts for the years 2024-2028 approved by the company's Board of Directors which envisage the following main assumptions:

- for 2024-2028 the projections reflect an average compound annual growth rate of Total revenues of 8.6% (CAGR 2023-2028) and average profit margin of 11.7%.

The terminal value was calculated as the present value of the perpetuity obtained by capitalising the cash flow generated in the last explicit forecast period at a long-term growth rate (G-rate) of 2.0%, equal to the long-term inflation rate forecast for Italy.

The WACC (Weighted Average Cost of Capital) used to discount cash flows was equal to 9.88% and was determined as the specific discount rate for Italy.

The impairment test brought to light impairment of Euro 44 thousand compared to the carrying amount of the equity investment in HRCoffee srl; impairment was therefore recognised on the basis of the results of the test performed, as the fair value of the equity investment net of selling costs was lower than the value in use.

A sensitivity analysis was carried out on the outcome of the impairment test of the equity investments assuming the following changes:

- a 0.5 percentage point increase in the weighted average cost of capital;
- a 0.5 percentage point decrease in the growth rate "G";
- the combined change in both the variables indicated above.

The sensitivity analysis shows that by performing the impairment test and changing the above parameters, the values in use would be lower than the book values with reference to the equity investment in HRCoffee Srl for Euro 81 thousand (instead of Euro 44 thousand).
Moreover, impairment losses emerged with reference to the equity investment in Exprivia do Brasil of Euro 176 thousand and in Exprivia SLU for Euro 167 thousand.

The list of equity investments in subsidiaries held by Exprivia is shown below, indicating for each of these the relevant information that can be taken from the financial statements at 31 December 2023 approved by the respective administrative bodies.

Company	H.O.	Value	Company capital	Value	Results for year	Net worth	Total revenues	Total Assets	% of holding	
Advanced Computer Systems D-Gmbh	Offenbach (Germania)	amount in Euro	25,000	amount in thousand Euro	102	303	1,909	423	100.00%	Exprivia SpA
Consorzio Exprivia S.c.a.r.l	Milano	amount in Euro	20,000	amount in thousand Euro	2	27	0.00	692	70.00% 25.00% 5.00%	Exprivia SpA Italtel SpA Exprivia Projects Srl
Exprivia Chile SpA	Santiago del Chile	amount in Pesos cileno	1,000,000		-	1	-	-	100.00%	Exprivia SpA
Exprivia ASIA Ltd	Hong Kong	amount in dollaro	2,937,850	amount in thousand Euro	(330)	(456)	-	544	100.00%	Exprivia SpA
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	amount in Real	5,890,663	amount in thousand Euro	(123)	1,411	2,039	1,651	100.00%	Exprivia SpA
Exprivia Projects Srl	Roma	amount in Euro	242,000	amount in thousand Euro	858	1,662	14,750	6,648	100.00%	Exprivia SpA
HRCOFFEE Srl	Molfetta (BA)	amount in Euro	200,000	amount in thousand Euro	(74)	(286)	372	215	70.00% 30.00%	Exprivia SpA persone fisiche
Spegea Scarl	Bari	amount in Euro	125,000	amount in thousand Euro	95	529	1,017	1,664	60.00% 40.00%	Exprivia SpA Confindusria Bari
Exprivia SLU	Madrid (Spagna)	amount in Euro	197,904	amount in thousand Euro	179	492	2,295	1,219	100.00%	Exprivia SpA
Exprivia Messico SA de CV	Città del Messico (Messico)	amount in Pesos messicani	41,208,999	amount in thousand Euro	(1,083)	342	132	532	1.43% 98.57%	Exprivia SLU Exprivia SpA

The item "**equity investments in associated companies**" at 31 December 2023 amounted to Euro 506,000, unchanged compared to 31 December 2022 and relates for:

- Euro 498,000 to the equity investment in QuestiT, a company established in 2007 as a spin-off of the Artificial Intelligence research group of the Siena Department of Information Engineering and specialised in Artificial Intelligence technologies and applications. The percentage of investment in this company is 24.9%;
- Euro 8.000 to the investment in Urbanforce Scarl, a company specialising in the Salesforce market. The percentage of investment in this company is 28.57%.

Equity Investments in Other Companies

At 31 December 2023, the item "**Equity investments in other companies**" amounted to Euro 117,893 compared to Euro 270,769 at 31 December 2022. The table below provides details on this item:

Description	31/12/2023	31/12/2022	Change
Consorzio Daisy-Net	13,939	13,939	-
Certia	516	516	-
Conai	9	9	-
Software Engineering Research & Practices Srl	12,000	12,000	-
Consorzio Biogene	3,000	3,000	-
Consorzio DARe	1,000	1,000	-
Consorzio DHITECH	17,000	17,000	-
H.BIO Puglia	12,000	12,000	-
Consorzio Italy Care	-	10,000	(10,000)
Consorzio DITNE	5,582	5,582	-
Ultimo Miglio Sanitario	2,500	2,500	-
Banca Cattolica Popolare s.c.a.r.l.	-	23,492	(23,492)
Innoval Scarl	2,500	2,500	-
Consorzio SILAB-Daisy	7,347	7,347	-
Partecipazione MEDISDIH Scarl	2,500	2,500	-
Consorzio GLOBAL ENABLER	2,000	2,000	-
Cefriel Scarl	33,000	33,000	-
AREAMEDICAL24 S.R.L.	-	111,111	(111,111)
Banca Credito Cooperativo	-	8,773	(8,773)
Distretto Tecnologico Aerospaziale	2,500	2,500	-
Consorzio EDIH4DT	500	-	500
TOTALS	**117,893**	**270,769**	**(152,876)**

The change in the item in question is mainly attributable to the sale, on 25 January 2023, of the equity investment held in Areamedical24 Srl (Euro 111,111).

Note 5 – Other Non-Current Financial Assets

The balance of the item "**Other non-current financial assets**" at 31 December 2023 amounted to Euro 1,455,947 compared to Euro 1,947,734 at 31 December 2022. The table below provides details on the item.

Description	31/12/2023	31/12/2022	Change
Non-current financial receivables from subsidiaries	913,621	1,816,950	(903,329)
Non-current financial receivables from others	541,434	120,638	420,796
Financial derivative instruments	892	10,146	(9,254)
TOTALS	**1,455,947**	**1,947,734**	**(491,787)**

Non-current financial receivables from subsidiaries

The item "**Non-current financial receivables from subsidiaries**" at 31 December 2023 amounted to Euro 913,621 compared to Euro 1,816,950 at 31 December 2022. The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Exprivia Messico SA de CV	-	903,329	(903,329)
Exprivia Asia	913,621	913,621	-
TOTALS	**913,621**	**1,816,950**	**(903,329)**

The decrease is attributable to the waiver of loans from Exprivia Mexico SA de CV as already described in note 4 “**Equity investments in subsidiaries**”.

Non-current financial receivables from others

The balance of the item "**Non-current financial receivables from others**" at 31 December 2023 totalled Euro 541,434, compared to Euro 120,638 at 31 December 2022 and refers to medium/long-term guarantee deposits of Euro 63,320 and Euro 478,114 referring to financial receivables for leases deriving from some contracts with customers containing obligations that qualify as leases and for which IFRS 15 was applied to recognise revenues, and the resulting recognition of financial receivables for leases equal to the future payments discounted at the implicit rate of the supply agreement.

Derivative financial instruments

The balance of "**Derivative financial instruments**" at 31 December 2023 is equal to Euro 892 compared to Euro 10,146 at 31 December 2022 and refers to a derivative product subscribed by the Company with Unicredit, initially linked to a loan with a variable interest rate which, further to the renegotiation of the loan, no longer meets the hedge accounting requirements, therefore, the related fair value change has been recognised in the income statement.

As regards the derivative product, the sensitivity analysis conducted on the change in the fair value of the derivative after a shift in the yield curve shows that:

- upon a change of +0.5% and +1%, the fair value would be a positive Euro 1,010 and a positive Euro 1,289, respectively;
- with a change of -0.5% and -1%, the fair value would be positive for Euro 772 and Euro 653, respectively.

This is an instrument valued at fair value level 2.

Note 6 – Other Non-Current Assets

Other Non-Current Assets

The item "**Other non-current assets**" amounted to Euro 353,281 at 31 December 2023 compared to Euro 675,952 at 31 December 2022 and refers for Euro 52,736 to the residual credit relating to the deductibility of the IRAP calculated on staff costs which generated a recovery of IRES, and for Euro 300,544 for the suspension of costs pertaining to future years after 2024.

Note 7 – Deferred tax assets

At 31 December 2023, the item “**deferred tax assets**” amounted to Euro 1,405,407 compared to Euro 1,557,334 at 31 December 2022. The table below provides details of the item, compared with the figures at 31 December 2022:

Description	31/12/2023		31/12/2022	
	Amount temporary differ	tax effect	Amount temporary differ	tax effect
Depreciation	694,138	166,593	803,066	192,736
Allowance for doubtful accounts	692,977	166,314	1,108,826	266,118
Fund risks	1,907,692	539,628	1,823,141	509,763
Adjustments for IFRS	785,088	182,161	785,088	182,161
Others	1,662,846	350,711	1,875,634	406,556
TOTAL	**5,742,740**	**1,405,407**	**6,395,754**	**1,557,334**

The item "**Others**" refers, for Euro 1,058,145, to provisions for staff bonuses still not paid at 31 December 2023 (tax effect of Euro 253,955), for Euro 296,761 to fair value changes in FVOCI instruments (tax effect of Euro 12,167), for Euro 70,563 to inventory write-downs (tax effect of Euro 16,935) and for Euro 235,552 to the effect of the application of IFRS 15 (tax effect of Euro 67,132) and Euro 1,824 to the effect deriving from the application of IFRS 16 (tax effect of Euro 519).

The table below shows the changes in 2023:

Descrizione	Value at 1 decemver 2023	Increases	Uses	Value at 31 december 2023
Depreciation	192,736	-	26,143	166,593
Allowance for doubtful accounts	266,118	-	99,804	166,314
Fund risks	509,763	29,865		539,628
Adjustments for IFRS	182,161			182,161
Others	406,556	-	55,847	350,711
TOTAL	**1,557,335**	**29,865**	**- 181,794**	**1,405,408**

CURRENT ASSETS

Note 8 – Trade Receivables

The item "**Trade receivables**" went from Euro 52,510,227 at 31 December 2023 to Euro 47,464,737 at 31 December 2022.

The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Trade receivables from customers	50,341,384	46,071,413	4,269,971
Trade receivables from subsidiaries	2,117,974	1,196,582	921,392
Trade receivables from associated companies	-	150,872	(150,872)
Trade receivables from parent companies	50,870	45,870	5,000
TOTALS	**52,510,227**	**47,464,737**	**5,045,490**

Trade Receivables from Customers

"**Trade receivables from customers**" went from Euro 46,071,413 at 31 December 2022 to a total of Euro 50,341,384 at 31 December 2023 and are recorded under assets net of the bad debt provision of Euro 747,143 as an adjustment for the risk of doubtful debts.

The table below provides details on the composition of the year-end balance.

Description	31/12/2023	31/12/2022	Change
To Italian customers	40,474,258	35,584,845	4,889,413
To foreign customers	3,164,355	3,381,743	(217,388)
To public bodies	7,449,914	8,395,512	(945,598)
S-total receivables to customers	**51,088,527**	**47,362,100**	**3,726,427**
Less: provision for bad debts	(747,143)	(1,290,687)	543,544
Total receivables to customers	**50,341,384**	**46,071,413**	**4,269,971**

The changes in the bad debt provision, equal to Euro 543.544, are shown in the following table:

Description	31/12/2023
Opening balance as of 1 jannuary 2023	(1,290,687)
Accruals	(54,166)
Decreases	573,925
Releases	23,785
Closing balance as of 31 December 2023	(747,143)

Trade receivables from customers, including the bad debt provision, can be broken down as follows.

Details	31/12/2023	31/12/2022	Change
To third parties	34,307,600	33,595,807	711,793
Invoices for issue to third parties	16,780,927	13,766,293	3,014,634
TOTALS	**51,088,527**	**47,362,100**	**3,726,427**

The value of invoices to be issued reflects the particular type of business in which the Company operates so, although many contracts can be invoiced on a monthly basis, others must follow an authorisation process, which does not necessarily end in the month of reference. The figures shown in the financial statements are the amounts accrued up to 31 December 2023 inclusive and will be invoiced in the following months.

The table below shows a breakdown of receivables by date of maturity, net of invoices/credit notes to be issued and with an indication of the bad debt provision:

Amount of receivables	in		days past due								Allowance for doubtful accounts	Net recivables
	expire	due	1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	beyond		
34,307,599	27,139,678	7,167,921	1,588,746	1,773,957	235,555	559,328	301,369	1,032,091	209,458	1,467,416	(747,143)	**33,560,456**
100.0%	79%	21%	5%	5%	1%	2%	1%	3%	1%	4%		

Trade Receivables from Subsidiaries

At 31 December 2023, the balance of "**trade receivables from subsidiaries**" amounted to Euro 2,117,974 compared to Euro 1,196,583 at 31 December 2022.

The table below provides details on this item:

Description	31/12/2023	31/12/2022	Change
Consorzio Exprivia	243,616	206,180	37,436
Exprivia Messico SA de CV	162,176	109,591	52,585
Exprivia Projects Srl	1,406,456	573,632	832,824
Exprivia SLU	94,047	134,634	(40,587)
Spegea S. c. a.r.l.	147,714	85,665	62,049
HR Coffee	6,043	13,792	(7,749)
Exprivia Shanghai	57,923	73,088	(15,165)
TOTALS	**2,117,974**	**1,196,582**	**921,392**

Receivables from subsidiaries are all governed by framework agreements and refer, for commercial receivables, to corporate and logistics services, in addition to special resources provided from one company to another.

Trade Receivables from Associated Companies

"Trade receivables from associated companies" at 31 December 2023 were zero.

Trade Receivables from Parent Companies

The balance of item "**trade receivables from Parent Companies**" at 31 December 2023 amounted to Euro 50,870 compared to Euro 45,870 at 31 December 2022 and refers to receivables for administrative services of Exprivia recharged to the parent company Abaco Innovazione SpA.

Note 9 – Inventories

At 31 December 2023, the item "**inventories**" amounted to Euro 1,725,180 compared with Euro 876,452 at 31 December 2022 and refers to software and hardware products held for sale.

Note 10 - Work in progress contracts

At 31 December 2023, the balance of "**work in progress contracts**" amounted to Euro 28,793,618 compared to Euro 25,331,532 at 31 December 2022 and refers to the value of work in progress contracts valued according to contractual payments accrued. It should be noted that the item is shown net of the provision for contractual penalties of Euro 22,281.

The table below provides details on the items "work in progress contracts" and "advance payments".

Description	31/12/2023	31/12/2022	Change
Work in progress (gross)	95,624,218	78,786,577	16,837,641
Advances from clients	(66,830,600)	(53,455,045)	(13,375,555)
Works in progress on ordination	**28,793,618**	**25,331,532**	**3,462,086**
Advances from clients (gross)	(75,373,150)	(55,221,298)	(20,151,852)
Works in progress	69,722,467	49,582,953	20,139,514
Advances on work in progress to order	**(5,650,683)**	**(5,638,345)**	**(12,338)**

The change in" work in progress contracts" is mainly attributable to new contracts with some customers in the Defence & Aerospace and Energy area.

Note 11 - Other current assets

The balance of "**Other current assets**" at 31 December 2023 amounted to Euro 15,057,517 compared with Euro 12,688,867 at 31 December 2022.

The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Other receivables from subsidiaries	301,982	447,951	(145,969)
Other receivables from parent companies	273,771	-	273,771
Tax credits	1,128,111	1,366,452	(238,341)
Other current assets	13,353,652	10,874,464	2,479,188
TOTALS	**15,057,517**	**12,688,867**	**2,368,650**

Other Receivables from Subsidiaries

At 31 December 2023, the balance of "**Other receivables from subsidiaries**" amounted to Euro 301,982 compared to Euro 447,951 at 31 December 2022.

The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Receivables from Exprivia Projects for IRES from tax consolidation	-	254,697	(254,697)
Receivables from Exprivia Projects for VAT	295,551	186,807	108,744
Eeceivable from Spegea for IRES from tax consolidation	6,431	6,447	(16)
TOTALS	**301,982**	**447,951**	**(145,969)**

It should be noted that, starting from the 2023 financial year, the Parent Company Exprivia Spa no longer acts as tax consolidator with respect to the subsidiaries Exprivia Projects Srl, Spegea Scarl, Hr Coffee Srl and Consorzio Exprivia Scarl. In the table above, the IRES receivable from the subsidiary Spegea Scarl refers to the receivable accrued in 2021 and 2022.

Other receivables from parent companies

"**Other current receivables from parent companies**" amounted to Euro 273,771 at 31 December 2023 and refer to the receivable due to Exprivia SpA from its parent company Abaco Innovazione SpA as a result the participation in the Tax Consolidation starting from 2023.

Tax Receivables

At 31 December 2023, the item "**tax receivables**" amounted to Euro 1,128,111 compared to Euro 1,366,452 at 31 December 2022. The table below provides a breakdown and a comparison with the previous year:

Description	31/12/2023	31/12/2022	Change
Receivables to tax a/c - IRAP	98,790	-	98,790
Receivables for irap application on ires	68,733	68,733	-
Tax authority deductions on foreign payments	203,731	232,727	(28,996)
Credits to tax authority for VAT	20,813	20,813	-
Credits with tax authority	736,045	1,044,179	(308,134)
TOTALS	**1,128,111**	**1,366,452**	**(238,341)**

The item “**Receivables from tax authorities**” includes Euro 648,117 relating to tax credits for research and development.

Other Current Assets

The balance of "**Other current assets**" at 31 December 2023 amounted to Euro 13,353,652 compared with Euro 10,874,464 at 31 December 2022.

The table below provides details on the item and respective changes:

Description	31/12/2023	31/12/2022	Change
Receivables for contrib.	11,033,797	8,352,067	2,681,730
Advances to suppliers for services	434,390	48,573	385,818
Sundry credits	446,283	177,574	268,709
Receivables to welfare institutes/INAIL	16,112	225,936	(209,824)
Costs in future years expertise	1,423,070	2,070,314	(647,244)
TOTALS	**13,353,652**	**10,874,464**	**2,479,188**

The amounts receivable in relation to "**government grants**" refer to grants for research projects, accrued and/or accounted for at this reporting date, regarding the costs incurred. These entries will be brought to zero when the balance of the grants is collected following the final assessments made by the respective Ministries and Local Bodies. The receivables are carried net of the risk provision in the amount of Euro 1,819,654 for any minor grants that might not be received.

The change in the item "**Receivables from pension institutions/INAIL**" of Euro 209,824 thousand mainly refer to the zeroing of both receivables from INPS for amounts advanced by Exprivia for integration (Euro 161,150) and of receivables from INAIL for higher advances paid compared to the estimated payable for previous financial years (Euro 18,553) no longer due.

The item "**costs in future years expertise**" for Euro 1,423,070 mainly refers to maintenance costs pertaining to future periods.

Note 12 - Other current financial assets

The item "**Other current financial assets**" at 31 December 2023 amounted to Euro 670,520 compared with Euro 806,135 at 31 December 2022.

The table below provides details on the item.

Description	31/12/2023	31/12/2022	Change
Receivables from others	664,515	225,811	438,704
Receivables from subsidiaries	6,005	105,214	(99,209)
Receivables from parent companies	-	475,110	(475,110)
TOTALS	**670,520**	**806,135**	**(135,614)**

Current financial receivables from others

The balance of "**Receivables from others**" at 31 December 2023 amounted to Euro 664,515 compared to Euro 225,811 at 31 December 2022; the details are as follows:

Description	31/12/2023	31/12/2022	Change
Credits for factoring and leasing	289,828	-	289,828
Security deposits	25,623	23,579	2,044
Other credits	349,064	202,232	146,832
TOTALS	**664,515**	**225,811**	**438,704**

"**Receivables for factoring and leasing**" amounting to Euro 289,828 refer to the current portion of financial receivables for leases deriving from some contracts with customers that include obligations qualified as leases and for which IFRS 15 was applied to recognise revenues and financial receivables from leases, equal to the future payments discounted at the implicit rate of the supply agreement.

To be noted is that the item "**Other receivables**" includes secured deposits for guarantees undertaken in favour of banks.

Current financial receivables from subsidiaries

At 31 December 2023, the balance of "**Current financial receivables from subsidiaries**" amounted to Euro 6,005 compared with Euro 105,214 at 31 December 2022, and refers to the financial receivables for loans and the cash pooling granted by Exprivia to its subsidiaries. The table below indicates the subsidiaries vis-à-vis which Exprivia has such amounts receivable.

Description	31/12/2023	31/12/2022	Change
Exprivia SLU	-	102,169	(102,169)
Spegea Scarl	6,005	3,045	2,960
TOTALS	**6,005**	**105,214**	**(99,209)**

Note 13 - Cash and cash equivalents

At 31 December 2023, the balance of "**cash and cash equivalents**" amounted to Euro 20,292,882 compared with Euro 14,605,621 at 31 December 2022 and refers to Euro 20,247,112 held at banks and Euro 45,770 in cash on hand. To be noted is that the bank balance does not include, at 31 December 2023, secured deposits for guarantees undertaken in favour of banks.

Note 14 – Other Financial Assets Measured at FVOCI

The item "**other financial assets measured at FVOCI**" amounted to Euro 2,411 at 31 December 2023, unchanged compared to 31 December 2022. It relates to financial instruments issued by Banca Popolare di Bari, more specifically:

- 40,176 shares of the above-mentioned bank for a total value of Euro 2,411 thousand at 31 December 2023;

These financial instruments were booked at fair value (level 2).

SHAREHOLDERS' EQUITY

Note 15 – Share Capital

The "**Share Capital**", fully paid-up, amounts to Euro 26,979,658 and is shown net of treasury shares held at 31 December 2023 for an amount, therefore, of Euro 24,005,671 compared to Euro 24,284,468 at 31 December 2022. The Share Capital is represented by 51,883,958 ordinary shares with a nominal value of

Euro 0.52. The number of treasury shares held at 31 December 2023 was 5,719,207 with a nominal value of Euro 2,973,988.

Exprivia Shares held directly by members of the Board of Directors

At 31 December 2023 no member of the Board of Directors, their spouses not legally separated, or their underage children hold, directly or indirectly, any Exprivia shares.

Note 15 – Share Premium Reserve

At 31 December 2023, the "**share premium reserve**" amounted to Euro 18,081,738 and is the same as 31 December 2022.

Note 15 – Revaluation Reserve

At 31 December 2023, the "**revaluation reserve**" amounted to Euro 2,907,138 and is the same as 31 December 2022. It should be noted that this item includes the tax realignment of the statutory values carried out with reference to the properties in Molfetta, Via A. Olivetti 11 and Rome, Via Bufalotta; opportunity offered by Italian Decree Law no. 104 of 14 August 2020, art. 110, paragraph 8, by reference to art. 14, paragraph 1, of Italian Law no. 342/00.

Note 15 – Legal Reserve

At 31 December 2023, the "**legal reserve**" amounted to Euro 5,395,932 compared with Euro 5,190,151 at 31 December 2022. The change is attributable to the allocation of the result of the previous year as resolved by the Shareholders' Meeting of 27 April 2023.

Note 15 – Other Reserves

The balance of the item "**other reserves**" amounted to Euro 33,773,734 at 31 December 2023 compared to Euro 22,851,768 at 31 December 2022 and is composed of:

- Euro 29,171,325 compared to Euro 17,402,706 at 31 December 2022 for the **extraordinary reserve**. The change is attributable to the allocation of a portion of the result of the previous year as resolved by the Shareholders' Meeting of 27 April 2023 (Euro 11,768,618).
- Euro 4,602,409 for the **other reserves** compared to Euro 5,449,062 at 31 December 2022. Changes in 2023 refer to:
    - the negative effect on shareholders' equity of the application of IAS 19 with the associated recognition in the statement of comprehensive income of actuarial gains net of the tax effect of Euro 228,172;
    - the negative effect on shareholders' equity deriving from the share premium paid in 2023 for the purchase of own shares for Euro 618,480;

The following table describes the nature and purpose of the reserves in shareholders' equity, specifying their possibility of use and distribution:

Description	Typology	Amount at 31.12.23	unavailable	Available (net of the negative reserve for own shares and losses carried forward)			
				A. For capital increase	B. To cover losses	C. For Distribution to Members	
Share Premium Reserve	Capital Reserves	18,081,738		18,081,738	18,081,738	18,081,738	(1)
Revaluation reserve	Capital Reserves	2,907,138	2,907,138				
Legal reserve	Riserve di Utili	5,395,932			5,395,932		
Other reserves		33,773,734	4,238,766	33,526,578	33,526,578	33,526,577.97	
Extraordinary Reserve	*Riserve di Utili*	*29,171,324.56*		*29,171,325*	*29,171,325*	*29,171,325*	
Negative Reserve for Own Shares	*Riserve di Utili*	*(2,381,164)*		*N/A*	*N/A*	*N/A*	
Merger reserves	*Capital Reserves*	*4,355,253*		*4,355,253*	*4,355,253*	*4,355,253*	
Profit reserves tied to investment programs relating to research projects	*Riserve di Utili*	*4,238,766*	*4,238,766*				
Reserve for remeasurement of employee benefit plans (IAS 19)	*Riserve di Utili*	*(983,592)*		*N/A*	*N/A*	*N/A*	
Others	*Riserve di Utili*	*(626,854)*		*N/A*	*N/A*	*N/A*	
Total reserves		**60,158,542**	**7,145,904**	**51,608,316**	**57,004,248**	**51,608,316**	

(1) Art. 2431 Civil Code: the share premium reserve cannot be distributed until the legal reserve has reached the limit established by Article 2430 Civil Code. Once the legal reserve has reached the limit established by the art. 2430, the share premium reserve is distributable (as well as usable for increases in share capital and coverage of losses) but only secondarily after having distributed the profit reserves.

NON-CURRENT LIABILITIES

Note 16 – Non-Current Payables to Banks

At 31 December 2023, the balance of the item "**non-current payables to banks**" amounted to Euro 9,732,485 compared to Euro 15,068,724 at 31 December 2022, and pertains to medium-term bank debt from major credit and financial institutions and to low-interest loans for specific investment programmes.

The table below provides details on the items and breaks down the non-current portion (Euro 9,732,485) and the current portion (Euro 18,587,117) of the payable.

Financial Institute	Typology	Contract amount	Amount paid 31.12.2023	Date contract	Expiration date	Repayment installment	Rate applied	Residual capital 31.12.2023	To be repaid within 12 months	To be repaid over 12 months
Pool – Capofila Banca Popolare di Puglia e Basilicata	Financing	20,000,000	20,000,000	27/11/2020	30/09/2026	quarterly	Euribor + 1.60%	13,652,122	4,965,005	8,687,117
Banca del Mezzogiorno Mediocredito Centrale	Financing	3,500,000	3,500,000	23/06/2017	23/06/2027	quarterly	Euribor + 2.75%	1,222,622	1,222,622	-
Unicredit	Financing	5,000,000	5,000,000	13/10/2023- 15/12/2023	14/03/2024- 18/03/2024	bullet	5.6%	5,029,553	5,029,553	-
Banca Sella	Financing	2,500,000	2,000,000	18/12/2023	18/03/2024	bullet	4.87%	2,003,508	2,003,508	-
Banca Popolare Bari	Financing	2,000,000	2,000,000	11/12/2023- 14/12/2023- 27/12/2023-	12/02/2024- 10/03/2024- 26/03/2024	bullet	5.35%-4.50%	2,000,568	2,000,568	-
BPPB	Financing	1,000,000	1,000,000	27/12/2023	26/03/2024	bullet	Euribor + 1.00%	1,000,000	1,000,000	-
BNL	Financing	2,000,000	2,000,000	24/10/2023	24/01/2024	bullet	Euribor + 0.60%	2,016,814	2,016,814	-
Ministero dello Sviluppo Economico NCUP	Financing	863,478	863,478	14/09/2016	17/11/2025	annual	0.31%	211,795	104,666	107,129
Ministero dello Sviluppo Economico Horizon 2020	Financing	929,129	593,845	16/02/2017	30/06/2026	half-yearly	0.80%	250,165	91,475	158,690
Ministero dello Sviluppo Economico MISE progetto Instamed	Financing	455,048	455,048	27/09/2019	30/06/2029	half-yearly	0.16%	290,609	49,553	241,056
Ministero dello Sviluppo Economico MISE progetto Prosit	Financing	503,525	503,525	05/02/2020	31/12/2029	half-yearly	0.17	348,280	54,115	294,165
Ministero dello Sviluppo Economico MISE progetto Bigimaging	Financing	335,904	335,904	14/10/2019	30/06/2029	half-yearly	0.16%	214,483	36,581	177,903
Ministero dello Sviluppo Economico FINDUSTRY 4.0	Financing	353,207	110,182	23/04/2021	31/12/2029	half-yearly	0.18%	79,083	12,657	66,426
Total								**28,319,603**	**18,587,117**	**9,732,485**

Medium-Term Loan Agreement

On 27 November 2020, Exprivia has signed with a pool of banks composed of Banca Popolare di Puglia and Basilicata S.c.p.a., in the role of arranger and lender, Banca Popolare Pugliese S.c.p.a. in the role of lender, Banca Finanziaria Internazionale SpA in the role of agent bank and SACE Agent, a medium-term loan agreement amounting to Euro 20 million, consisting of a single line of credit to be repaid in quarterly instalments by 30 September 2026, with a two-year grace period, at an annual interest rate equal to Euribor plus a spread of 1.60%, to which agency fees and up-front commissions were added.

The loan was granted in accordance to the Liquidity Decree of 9 April 2020, (Italian Decree Law no. 23 of 8 April 2020 converted into Italian Law no. 40 of 5 June 2020) and is backed by a SACE SpA guarantee covering 90% of the amount of the loan.

The loan provides for contractual conditions, commitments and terms in line with bank credit market standards for loans of the same amount and duration, such as representations and warranties, commitment covenants, limitations on significant extraordinary transactions, financial indebtedness and significant investments, obligation to maintain adequate insurance coverage, mandatory and optional early repayment clauses, cross default, etc. The loan prohibits the distribution of dividends and/or the purchase of treasury shares in the 12 months following the date of the Loan Request, as envisaged by the Liquidity Decree, therefore, a condition that no longer applies; subsequently, there is a limitation on the distribution of dividends, which may not exceed 25% of the net profit.

The loan also provides for certain financial covenants (Net financial debt/Ebitda, Net financial debt/SE), as better described in the following table:

Reference date	Net financial debt/EBITDA	Net financial debt/Shareholders' Equity
31.12.2023	≤ 2.5	≤ 0.7
31.12.2024	≤ 2.0	≤ 0.7
31.12.2025	≤ 2.0	≤ 0.7
31.12.2026	≤ 2.0	≤ 0.7

These financial covenants calculated on a consolidated basis must be communicated within 15 days from the date of approval of the related financial statements.

The financial covenants, referring to the last calculation date, were respected.

At 31 December 2023, the residual debt amounted to Euro 13,652,122, Euro 8,687,117 of which is to be repaid in 2025-2026 (and recorded under non-current liabilities) and Euro 4,965,005 to be repaid within the next 12 months (and therefore recorded under current liabilities).

Banca del Mezzogiorno Mediocredito Centrale S.p.A. loan

A loan agreement of Euro 3,500 thousand executed in favour of the Parent Company Exprivia on 23 June 2017; to be repaid in quarterly instalments starting from 23 September 2017 until 23 June 2027. This is intended in part to fully repay the loan taken out in 2014 from the lending bank early, and in part to meet working capital requirements. The interest rate applied is the Euribor + 2.75% spread. The loan in question is backed by a first mortgage on the property located in via Giovanni Agnelli no. 5 in Molfetta for a total of Euro 7 million.

It should be pointed out that, by contract, the entire amount of the next two instalments was secured in the dedicated current account at 31 December 2023.

The residual debt at 31 December 2023 amounted to Euro 1,222,622 thousand, fully classified under current liabilities in compliance with international accounting standards, due to the capital decrease pursuant to art. 2447 of the Italian Civil Code of the investee Beta Tlc SpA in liquidation (formerly Italtel SpA), which would entitle the bank to terminate the loan agreement. It should be noted that, until the date of preparation of this Report, the bank has not exercised the right to terminate the agreement.

CUP 2.0 low-interest loan

A loan agreement of Euro 863 thousand executed in favour of Exprivia (formerly Exprivia Healthcare IT Srl), of which the full amount approved was disbursed at 31 December 2022. This loan is targeted at financing a research and development project pursuant to financial law no. 46/82 F.I.T - PON R & C 2007/2013 - MD 24-09-2009, Project A01/002043/01/X 17 regarding: Innovative services for booking CUP 2.0 healthcare services. The loan will expire on 17 November 2025 and bears a below-market fixed rate of interest of 0.3120%.

At 31 December 2023, the residual debt amounted to Euro 211,795, Euro 107,129 of which is to be repaid in 2025 (and recorded under non-current liabilities) and Euro 104,666 to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development –Istituto Finanziario Banca del Mezzogiorno Mediocredito Centrale S.p.A.

Low-interest loan agreement approved in favour of the Exprivia (formerly ACS Srl) up to a maximum of Euro 929,129 and disbursed for Euro 341,223 at 31 December 2022. The loan requires repayment in six-month instalments, expires on 30 June 2026 and bears a below-market fixed rate of interest of 0.80%.

At 31 December 2023, the residual debt amounted to Euro 250,165, Euro 158,690 of which is to be repaid in 2025-2026 (and recorded under non-current liabilities) and Euro 91,475 to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development – Instamed Project.

Low-interest loan approved and disbursed on 27 September 2019 of Euro 455,048. The loan requires repayment in six-month instalments, expires on 30 June 2029 and bears a below-market fixed rate of interest of 0.16%.

At 31 December 2023, the residual debt amounted to Euro 290,609, Euro 241,056 of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 49,553 to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development - Prosit Project

Low-interest loan approved and disbursed on 05 February 2020 of Euro 503,525. The loan requires repayment in six-month instalments, expires on 31 December 2029 and bears a below-market fixed rate of interest of 0.17%.

At 31 December 2023, the residual debt amounted to Euro 348,280, Euro 294,165 of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 54,115 to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development - Bigimaging Project

Low-interest loan approved and disbursed on 14 October 2019 of Euro 335,904. The loan requires repayment in six-month instalments, expires on 30 June 2029 and bears a below-market fixed rate of interest of 0.16%.

At 31 December 2023, the residual debt amounted to Euro 214,483, Euro 177,903 of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 36,581 to be repaid within the next 12 months (and therefore recorded under current liabilities).

Low-interest loan from the Ministry of Economic Development – Finindustry Project

Low-interest loan approved for Euro 353 thousand and disbursed on 23 April 2021 in the amount of Euro 110,182. The loan requires repayment in six-month instalments, expires on 31 December 2029 and bears a below-market fixed rate of interest of 0.18%.

At 31 December 2023, the residual debt amounted to Euro 79,083, Euro 66,426 of which is to be repaid in 2025-2029 (and recorded under non-current liabilities) and Euro 12,657 to be repaid within the next 12 months (and therefore recorded under current liabilities).

Net financial debt

The Net Financial Debt format implements the ESMA guidelines on disclosure requirements pursuant to the "prospectus regulation" of 4 March 2021 (ESMA 32-382-1138) and Consob warning no. 5/21 of 29 April 2021.

Amount in Euro		31.12.2023	31.12.2022
A.	Cash	45,770	53,229
B.	Other liquid assets	20,247,112	14,552,392
C 1.	Securities held for trading	2,411	2,411
C 2.	Own shares	5,355,151	4,457,873
D	**Liquid (A)+(B)+(C)**	**25,650,444**	**19,065,905**
E.	**Current financial receivables**	**670,520**	**806,135**
F.	Current bank debts	(13,328,301)	(4,536,854)
G.	Current portion of non-current bank debts	(5,314,053)	(14,467,983)
H.	Other current financial debts	(5,639,817)	(5,202,758)
I.	**Current financial debts (F) + (G) + (H)**	**(24,282,171)**	**(24,207,595)**
J.	**Net current financial debts (I) + (E) + (D)**	**2,038,793**	**(4,335,555)**
K.	Non-current bank debts	(9,732,485)	(15,068,724)
L.	Bond	-	-
M.	Other non- current financial payables net of non-current financial recivables and derivate financial istruments	(2,992,546)	(739,952)
N.	**Non-current financial debts (K) + (L) + (M)**	**(12,725,030)**	**(15,808,676)**
O.	**Net financial debits (J) + (N)**	**(10,686,238)**	**(20,144,231)**

Treasury shares held by the Company (Euro 5,355,151) are included in the calculation of net financial debt.

The changes in net liabilities resulting from financing activities is shown below, in accordance with IAS 7 - Statement of Cash Flows:

	01.01.2023	Monetary flows	Non-monetary flows	31.12.2023
Current financial receivables	806,135	(135,615)	-	670,520
Current bank debts and current portion of non-current bank de	(19,004,837)	5,633,280	(5,270,797)	(18,642,354)
Other current financial debts	(5,202,757)	(2,198,607)	1,761,547	(5,639,817)
Non-current bank debts	(15,068,724)	65,442	5,270,797	(9,732,485)
Bond	-	-	-	-
Other non-current financial payables net of non-current financial receivables and derivative financial instruments	(739,952)	3,103,978	(5,356,569)	(2,992,546)
Net liabilities from financing activities	**(39,210,137)**	**6,468,477 (*)**	**(3,595,022)**	**(36,336,682)**
Liquid	19,065,905 (**)	6,584,539	-	25,650,444
Net current financial debts	**(20,144,232)**	**13,053,016**	**(3,595,022)**	**(10,686,238)**

(*) Flows shown in the Cash Flow Statement in the Cash flow generated (absorbed) by financing activities (see note 2 at the bottom of the Cash Flow Statement)

(**) In addition to cash and cash equivalents, the item "Liquidity" also includes treasury shares held by the Parent Company and "Other financial assets available for sale"

Note 17 – Other Non-Current Financial Liabilities

At 31 December 2023, the balance of the item "**Other non-current financial liabilities**" amounted to Euro 4,448,493 compared to Euro 2,687,687 at 31 December 2022.

Description	31/12/2023	31/12/2022	Change
Non-current financial payables for leasing	4,433,052	2,671,505	1,761,547
Payables for the purchase of equity investments	1,131	1,131	-
Debts sold to other lenders	10,000	10,000	-
Non-current derivative financial instruments	4,310	5,051	(741)
TOTALS	**4,448,493**	**2,687,687**	**1,760,806**

The item "**Non-current financial payables for leases**" at 31 December 2023 amounted to Euro 4,433,052 compared to Euro 2,671,505 at 31 December 2022 and relate to the non-current portion of financial payables deriving from contracts with suppliers containing obligations that fall within the definition of leases and for which IFRS 16 has been applied.

The item "**payables for the purchase of equity investments**" at 31 December 2023 amounted to Euro 1,131 and refers to the payable for the purchase of the equity investment of the subsidiary Exprivia Chile SpA.

The item "**Non-current derivative financial instruments**" at 31 December 2023 amounted to Euro 4,310 compared to Euro 5,051 at 31 December 2022 and refers to a financial derivative incorporated in the Euro 20,000,000.00 loan agreement signed on 27 November 2020 with a pool of banks, led by Banca Popolare di Puglia e Basilicata, due to the presence of a "floor zero" clause on the Euribor interest rate, valued in accordance with IAS 39.

Note 18 – Other Non-Current Liabilities

The balance of the item "**Other non-current liabilities**" at 31 December 2023 was zero.

Note 19 – Provisions for Risks and Charges

At 31 December 2023, the balance of the item "**Provision for risks and charges**" amounted to Euro 65,757 compared to Euro 196,818 at 31 December 2022. The breakdown of this item is shown in the table below:

Description	31/12/2023	31/12/2022	Change
Risk provisions staff		97,500	(97,500)
Provision for other risks	65,757	99,318	(33,561)
TOTALS	**65,757**	**196,818**	**(131,061)**

Changes are reported below:

Description	31/12/2022	Uses/Payments	Other decreases	Provisions	31/12/2023
Risk provisions staff	97,500	(70,000)	(27,500)	-	-
Provision for other risks	99,318		(58,020)	24,459	65,757
TOTALS	**196,818**	**(70,000)**	**(85,520)**	**24,459**	**65,757**

The balance of the "**provisions for staff risks**" at 31 December 2023 was completely written off.

The "**provision for other risks**" at 31 December 2023, equal Euro 65,757 compared to Euro 99,318 at 31 December 2022, is mainly attributable to the provision on risks for work in progress on projects.

Note 20 - Employee provisions

Employee severance indemnity

The amounts for the **employee severance indemnity** accrued after 31 December 2006 were paid to the Pension Fund Treasury and union pension funds. The residual employee severance indemnity at 31 December 2023 amounted to Euro 6,371,704 compared with Euro 6,674,770 at 31 December 2022.

The following table shows changes in the provision in the year.

Initial existence as of January 1, 2023	**6,674,770**
Interest Cost	227,220
Uses / liquidations of the exercise	(830,512)
(Profit) actuarial losses	300,226
Final existence as of December 31, 2023	**6,371,704**

The table below shows the changes in the fund in 2023:

Description	31/12/2023
Opening balance at January 1	**6,674,770**
Movements through income statement:	**227,220**
- current service cost	-
- cost of services rendered for previous years	-
- interest expense / (income)	227,220
(Profit) actuarial losses	**300,226**
- actuarial (gains)/losses deriving from changes in demographic hypotheses	-
- actuarial (gains)/losses deriving from changes in financial assumptions	159,195
- effect of adjustments based on past experience	141,031
Benefits paid	**(830,512)**
Closing balance	**6,371,704**

The fund is net of amounts deposited. An actuarial assessment was performed on the liability in accordance with IAS 19 using the retrospective method, which requires recognition of actuarial gains/losses in the statement of comprehensive income. The cost regarding service and the interest payable concerning the time value component in the actuarial calculations are still recognised in the income statement.

The table below shows the primary actuarial and financial assumptions used in the calculation:

Description	31/12/2023	31/12/2022
Discount rate	3.09%	3.63%
Inflation rate	2.00%	5,9% anno 2023, 2,3% anno 2024, 2,0% anno 2025
Annual rate of wage growth	3.50%	Inflazione +1,50%
Annual rate of TFR growth	3.00%	5,93% anno 2023, 3,33% anno 2024, 3,0% anno 2025
Mortality	Tav-RG48	Tav-RG48
Inability	Mod. INPS	Mod. INPS
Turn-over	5.50%	5.50%
Probability advance	2.50%	2.50%
Amount% of the severance pay in advance	70.00%	70.00%

The following table shows a sensitivity analysis for the relevant actuarial assumptions at the end of the year:

Sentiment analysis					
Defined Benefit Plan - Employees' leaving indemnities (TFR) - 31 December 2023					
Discount rate		Inflation rate		Annual turnover rate	
0.50%	-0.50%	0.25%	-0.25%	2.00%	-2.00%
6,147,658	6,608,754	6,439,553	6,304,811	6,400,528	6,337,589
Impact on post employment benefits					
(224,046)	237,050	67,849	(66,893)	28,824	(34,115)

The following table shows an analysis of payment due dates for subsequent benefits:

(in thousands of euro)	within 1 year	1 to 2 years	3 to 5 years	over 5 years	Total
Employees' leaving indemnities (TFR)	539,929	852,092	1,090,995	2,945,326	5,428,342

Some of the general criteria used for the projections are described below. In order to meet the need to make assessments based on all the information available, a technical procedure was used known in the actuarial literature as MAGIS (actuarial method of years in operation on an individual basis and by means of random drawings).

This method is a Montecarlo-based stochastic simulation that makes it possible to develop projections of amounts payable for each employee while taking into account the demographic and salary data of each position without making aggregations and without introducing average values.

To make the procedure possible, draws are made for each employee year by year to determine elimination by death, invalidity and incapacity, resignation or termination.

Reliability is ensured by replicating the procedure a certain number of times until the results are stable.

The calculations were made by the number of years necessary for all the workers currently employed are no longer in service.

The projections were made on a closed group, meaning no new recruits were included.

In accordance with IAS 19, actuarial valuations were performed on the basis of the accrued benefit method using the Projected Unit Credit Method. This method makes it possible to calculate employee severance indemnities accrued at a certain date based on actuarial assumptions, distributing the charge for all remaining years workers are employed. It is no longer an expense to be paid if the company winds up its business at the reporting date, but gradually provisioning the charge according to the remaining service period of employees.

The method makes it possible to calculate certain demographic and financial variables at the reference date of the assessment, especially charges relating to service already rendered by employees represented by the DBO - Defined Benefit Obligation (also called Past Service Liability). It is obtained by calculating the present value of amounts due to the employee (employee severance indemnities) arising from seniority gained at the date of assessment.

For revaluation purposes, employee severance indemnities increased, with the exclusion of the amount accrued at the close of the year, through the application of a rate comprised of a fixed 1.50% and 75% of the inflation rate recorded by ISTAT with respect to December of the previous year.

The legislation also provides the possibility of requesting a partial advance of employee severance indemnities accrued when the employment relationship is still in progress.

It should be noted that the calculations include the 17% annual tax charged on the revaluation of employee severance indemnity provisions.

Note 21 – Deferred tax liabilities

Provisions for Deferred Taxes

The item "**Deferred tax liabilities**" at 31 December 2023 amounted to Euro 1,792,169 compared to Euro 1,799,410 at 31 December 2022.

The table below provides details on the items:

Description	31/12/2023		31/12/2022	
	Amount temporary differences	Tax effect	Amount temporary differences	Tax effect
TFR	54,262	28,823	354,485	100,876
Goodwill	5,717,488	1,626,053	5,489,596	1,561,241
Buildings	382,048	105,063	382,048	105,063
Adjustments for IFRS	113,087	32,230	113,088	32,230
TOTAL	**6,266,886**	**1,792,169**	**6,339,217**	**1,799,410**

The following table shows the changes during the year:

Description	Value at 31 December 2022	Increases	Uses	Value at 31/12/2023
Defined benefit plant	100,876	-	(72,053)	28,823
Goodwill	1,561,241	64,812	-	1,626,053
Buildings	105,063	-	-	105,063
Adjustments for IFRS	32,230	-	-	32,230
TOTAL	**1,799,409**	**64,812**	- **72,053**	**1,792,169**

CURRENT LIABILITIES

Note 22 - Current bond issues

The balance of the item “**current bond issues**” at 31 December 2023 was completely written off.

Note 23 - Current payables to banks

At 31 December 2023, the balance of the item "**current payables to banks**" amounted to Euro 18,642,354 compared with Euro 9,826,514 at 31 December 2022 and refers, for Euro 18,587,117, to the current amount of payables for loans and mortgages (as already described under the item "**non-current payables to banks**" in note 16 and Euro 55,237 refers to payables to banks due to major credit institutions stemming from current operations (credit facilities for future advances, credit facilities relating to cash overdrafts).

Note 24 - Trade payables

The item "**Trade payables**" amounted to Euro 33,248,261 at 31 December 2023 compared to Euro 26,467,405 at 31 December 2022.

Description	31/12/2023	31/12/2022	Change
Trade payables to suppliers	32,235,705	25,997,048	6,238,657
Trade payables to subsidiaries	951,566	469,204	482,362
Trade payables to associated companies	60,991	1,153	59,838
TOTALS	**33,248,261**	**26,467,405**	**6,780,856**

Trade Payables to Suppliers

The item "**Trade payables to suppliers**" amounted to Euro 32,235,705 at 31 December 2023 compared to Euro 25,997,048 at 31 December 2022. The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Invoices received Italy	19,209,827	16,279,276	2,930,551
Invoices received foreing	2,089,487	1,964,696	124,791
Invoices to consultants	106,872	195,976	(89,104)
Invoices to be received	10,829,519	7,557,100	3,272,418
TOTALS	**32,235,705**	**25,997,048**	**6,238,656**

The table below provides details on the payables by due date, net of invoices to be received:

Trade	in		days past due							
payables	expire	due	1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	beyond
(21,406,186)	(13,259,469)	(8,146,717)	(2,767,514)	(2,430,105)	(1,308,239)	(408,934)	(191,206)	(93,933)	(309,397)	(637,389)
100.0%	62%	38%	13%	11%	6%	2%	1%	0%	1%	3%

Trade Payables to Subsidiaries

At 31 December 2023, the item "**Trade payables to subsidiaries**" amounted to Euro 951,566 compared with Euro 469,204 at 31 December 2022 and refers to commercial transactions with the company and its subsidiaries under normal market conditions regulated by specific agreements. The table below shows its breakdown:

Description	31/12/2023	31/12/2022	Change
Exprivia Messico SA De CV	-	40,309	(40,309)
Exprivia Projects Srl	260,016	139,505	120,511
HR COFFEE Srl	-	60,695	(60,695)
Exprivia Shanghai	10,992	-	10,992
Exprivia SLU	135,555	41,941	93,614
ACS GMBH	259,554	155,875	103,679
Spegea S.c. a r.l.	285,448	30,879	254,569
TOTALS	**951,566**	**469,204**	**482,362**

Trade Payables to Associated Companies

At 31 December 2023, the item "**Trade payables to associated companies**" amounted to Euro 60,991 compared with Euro 1,153 at 31 December 2022 and refers to commercial transactions between the Company and its associate Quest.it Srl at normal market conditions, governed by specific agreements.

Note 25 - Advance payments on work in progress contract

At 31 December 2023, the balance of the item "**Advance payments on work in progress contracts**" amounted to Euro 5,650,683 compared to Euro 5,638,345 at 31 December 2022 and refers to the negative differential between payments on account or advances received and the economic development of the work in progress contracts at year end.

Note 26 – Other Financial Liabilities

The balance of the item "**Other financial liabilities**" at 31 December 2023 amounted to Euro 5,639,817 compared to Euro 5,202,758 at 31 December 2022.

Description	31/12/2023	31/12/2022	Change
Financial payables to subsidiaries	1,781,281	1,862,462	(81,181)
Payables to others	2,069,571	1,590,240	479,331
Payables to suppliers of leasing goods	1,788,965	1,750,056	38,909
TOTALS	**5,639,817**	**5,202,758**	**437,059**

Financial Payables to Subsidiaries

At 31 December 2023, "**financial payables to subsidiaries**" amounted to Euro 1,781,281 compared with Euro 1,862,462 at 31 December 2022 and refers to commercial and financial transactions carried out between the company and its subsidiaries under normal market conditions, governed by specific agreements. Specifically, the balance at 31 December 2023 refers entirely to cash pooling transactions; the details are as follows.

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	1,778,962	1,860,144	(81,182)
Spegea S.c. a r.l.	2,318	2,318	-
TOTALS	**1,781,281**	**1,862,462**	**(81,182)**

Payables to others

The balance of "**financial payables to others**" at 31 December 2023 amounted to Euro 2,069,571, compared to Euro 1,590,240 at 31 December 2022, and mainly refers, for Euro 1,340,343, to financial advances received from customers.

Payables to suppliers of leasing goods

The balance of “**payables to suppliers of leasing goods**” at 31 December 2023 amounted to Euro 1,788,965 compared to Euro 1,750,056 at 31 December 2022 and relate to the current portion of financial payables deriving from contracts with suppliers containing obligations that fall within the definition of leases and for which IFRS 16 has been applied.

Note 27 - Other current liabilities

The balance of "**Other current liabilities**" at 31 December 2023 amounted to Euro 39,376,076 compared to Euro 37,798,796 at 31 December 2022.

The table below provides details on the items:

Description	31/12/2023	31/12/2022	Change
Payables to welfare and social security institutions	8,858,076	7,872,449	985,627
Tax payables	4,514,312	6,166,938	(1,652,626)
Payables to subsidiaries	-	232,927	(232,927)
Other debts	26,003,688	23,526,478	2,477,210
TOTALS	**39,376,076**	**37,798,792**	**1,577,284**

Payables to Welfare and Social Security Institutions

At 31 December 2023, the balance of "**Payables to welfare and social security institutions**" amounted to Euro 8,858,076 compared to Euro 7,872,453 at 31 December 2022. The table below shows the breakdown and comparison with 2022.

Description	31/12/2023	31/12/2022	Change
INPS with contributions	4,111,201	3,563,670	547,531
Payables to pension funds	397,346	354,122	43,224
Enter other social security and welfare	237,919	208,351	29,568
Payables for penalties and interest	4,111,610	3,746,310	365,300
TOTALS	**8,858,076**	**7,872,453**	**985,623**

Tax Payables

At 31 December 2023 the item "**tax payables**" amounted to Euro 4,514,312 compared to Euro 6,166,938 at 31 December 2022. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Payables to tax authority for VAT	687,757	2,208,231	(1,520,474)
Payables to tax authority for IRAP	-	(38,054)	38,054
Payables to tax authority for IRES	-	286,704	(286,704)
Payables to tax authority for IRPEF employees	3,761,364	3,442,729	318,635
Payables to tax authority for IRPEF freelance workers	12,257	24,771	(12,514)
Payables to tax authority for IRPEF collaborators	48,687	45,929	2,758
Payables to tax authority	(4)	178,797	(178,801)
Payables to tax authority for interest and penalties	4,252	17,831	(13,579)
TOTALS	**4,514,312**	**6,166,938**	**(1,652,626)**

It should be noted that, starting from the 2023 financial year, the Company participate in the Tax Consolidation with its parent company Abaco Innovazione SpA, consequently the IRES payables/receivables are recognised with respect to the parent company and no longer with respect to the Tax Authorities.

Other payables

At 31 December 2023, the item "**other payables**" amounted to Euro 26,003,688 compared to Euro 23,526,478 at 31 December 2022.

The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Directors' pay for settlement	37,851	37,802	48
Employees/Collaborators for fees accrued	4,065,134	4,456,273	(391,139)
Accrued holidays, festivities, summer & yr-end bonuses	13,390,046	12,263,251	1,126,795
Payables to associations	169,371	145,093	24,278
Sundry payables	5,817,787	3,770,550	2,047,237
Interest and other costs of excercise	1,026,023	1,134,388	(108,366)
Maintenance/services/contributions competence in future years	1,497,477	1,719,121	(221,645)
TOTALS	**26,003,688**	**23,526,478**	**2,477,208**

The item "**Other payables**" is mainly attributable to advances on grants for research projects still in progress at the reporting date (Euro 5,672,528).

Explanatory Notes on the Exprivia SpA Income Statement at 31 December 2023

Details are provided below on the entries making up the costs and revenues in the income statement, which was drawn up in accordance with international accounting standards (IAS/IFRS).

All the figures reported in the tables below are in Euro, unless expressly indicated.

Note 28 - Revenues

Revenues from Sales and Services

"**Revenues from sales and services**", also including changes in work in progress, totalled Euro 175,394,050 in 2023 compared to Euro 156,827,878 in 2022, and include inter-company revenues for a net value of Euro 3,748,919.

Description	31/12/2023	31/12/2022	Change
Revenues from consultancy and project development	146,237,849	135,431,211	10,806,638
Maintenance	13,291,539	14,282,629	(991,090)
Third party hardware and software	13,692,412	4,854,888	8,837,524
Proprietary Licenses	2,172,251	2,259,150	(86,899)
TOTALS	**175,394,050**	**156,827,878**	**18,566,172**

Description	31/12/2023	Incidence%	31/12/2022	Incidence%	Change
Private	129,650,738	73.9%	117,881,913	75.2%	10.0%
Public	45,743,313	26.1%	38,945,965	24.8%	17.5%
TOTALS	**175,394,050**		**156,827,878**		**11.84%**

Description	31/12/2023	Incidence%	31/12/2022	Incidence%	Change
Italy	166,938,469	95.2%	146,835,370	93.6%	13.7%
Abroad	8,455,582	4.8%	9,992,508	6.4%	-15.4%
TOTALS	**175,394,050**		**156,827,878**		**11.84%**

The table below provides details on the items and inter-company relations:

Description	Exprivia Projects Srl	Exprivia Messico SA de CV	Spegea S.c.a.r.l.	HR COFFEE	Exprivia SLU	Consorzio Exprivia	Total
Professional services	812,556	(171,630)	88,502	6,043	(296,407)	2,213,489	2,652,554
Commercial advice	168,472	-	-	-	-	-	168,472
Corporate services and logistics	927,893	-	-	-	-	-	927,893
TOTAL	**1,908,921**	**(171,630)**	**88,502**	**6,043**	**(296,407)**	**2,213,489**	**3,748,919**

Note 29 - Other income

"**Other income**" amounted to Euro 7,481,913 in 2023 compared to Euro 7,390,450 in 2022. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Other revenue	574,146	588,034	(13,889)
Operating grants	5,371,562	5,335,356	36,206
Costs for capitalized internal projects	1,536,205	1,467,060	69,146
TOTALS	**7,481,913**	**7,390,450**	**91,463**

Other revenues and income

The balance of the item “**Other revenues and income**” for 2023 amounted to Euro 574,146 compared to Euro 588,034 in the previous year and mainly refers for Euro 316,987 to income from assignment of employee cars. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Other revenue	467,897	453,935	13,962
Other operating income	106,249	134,099	(27,850)
TOTALS	**574,146**	**588,034**	**(13,890)**

Operating grants

In 2023 "**Operating grants**" amounted to Euro 5,371,562 compared to Euro 5,335,356 in the previous year and mainly refer to grants and tax credits pertaining to the year or authorised in the year relating to funded research and development projects.

Costs for Capitalised Internal Projects

The balance of the item "**Costs for capitalised internal projects**" in 2023 amounted to Euro 1,536,205 compared to Euro 1,467,060 in the previous year and refers to capitalised internal projects attributable to the Defence & Aerospace, Banking & Finance and Healthcare markets.

Note 30 - Costs for sundry consumables and finished products

In 2023, "**Costs for sundry consumables and finished products**" amounted to Euro 12,711,160 compared with Euro 4,016,939 in the previous year. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Purchase of HW-SW products	12,658,203	3,942,124	8,716,079
Stationery and consumables	36,285	61,762	(25,477)
Fuel and oil	16,672	13,053	3,618
TOTALS	**12,711,160**	**4,016,939**	**8,694,221**

The change in the item "purchase of hw-sw products" is attributable to the higher purchases of hardware and software for resale closely related to the increase in revenues.

Note 31 - Staff Costs

The balance of the item "**staff costs**" in 2023 came to Euro 100,961,824 compared to Euro 97,242,751 in 2022.

The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
Salaries and wages	74,160,333	70,675,986	3,484,346
Social charges	19,461,924	19,165,529	296,395
Severance Pay	4,805,806	4,767,009	38,797
Other staff costs	2,379,647	2,400,590	(20,944)
Intercompany	154,114	233,637	(79,523)
TOTALS	**100,961,824**	**97,242,751**	**3,719,072**

The increase in staff costs (Euro 3,719,072) is mainly due to an increase in the per capita cost of 2.5% and an increase in the average personnel number strength in terms of FTE of 1.4%.

The item “**Intercompany**” includes costs/revenues for personnel on secondment to the subsidiary Exprivia Projects Srl.

The number of employees at 31 December 2023 amounted to 1,879 workers (1,874 employees and 5 temporary workers), compared to 1,819 at 31 December 2022 (1,815 employees and 4 temporary workers).

The average number of employees at 31 December 2023 was 1,851.

Note 32 - Costs for services

In 2023, the balance of the item "**Costs for services**" amounted to Euro 41,130,049 compared with Euro 34,964,347 in the previous year. The table below provides the 2023 figures, compared with those of 2022:

Description	31/12/2023	31/12/2022	Change
Technical and commercial consultancy	26,674,802	21,375,080	5,299,724
Administrative/company/legal consultancy	1,615,544	1,497,579	117,965
Consultancy to associated companies	1,965,203	1,575,831	389,373
Auditors' fees	81,829	81,829	-
Travel and transfer expenses	881,349	641,427	239,922
Utilities	562,357	673,421	(111,064)
Advertising and agency expenses	759,636	697,624	62,013
Bank charges	232,058	225,727	6,330
HW and SW maintenance	5,286,819	4,585,867	700,952
Insurance	654,938	714,341	(59,402)
Costs of temporary staff	192,180	1,010,665	(818,485)
Other costs	2,223,335	1,884,957	338,378
TOTALS	**41,130,049**	**34,964,347**	**6,165,705**

It should be noted, as already reported in the paragraph “**Change in comparative data**”, that for a better presentation of the figures for 2022, Euro 5,564 thousand was reclassified from the item “**costs for services**” to the item “**sundry operating expenses**” relating to trade associations expenses.

The increase in the item “**Travel and business expenses**” is attributable to the greater use of business trips in 2023 compared to 2022.

The increase in the item “**Miscellaneous hw/sw maintenance**” is attributable to production profit centres.

The table below provides details on inter-company services, amounting to Euro 1,965,203, broken down by company. Please note that the inter-company costs incurred in 2023 are entirely attributable to professional services performed on the basis of framework agreements and specific contracts entered into by the parties.

Description	vs. Spegea	vs. Projetcs	vs. Exprivia SL	vs. Exprivia Shanghai	vs. ACS GMBH	vs. HR COFFEE	Total
Professional services	288,023	306,212	479,876	10,992	820,349	59,750	1,965,203
TOTAL	**288,023**	**306,212**	**479,876**	**10,992**	**820,349**	**59,750**	**1,965,203**

The statement below is provided in accordance with art. 149-duodecies of CONSOB Issuers' Regulation to show amounts paid to the independent auditors in 2023 for audit services and for other services provided by BDO Italia SpA.

The fees are shown net of the CONSOB contribution and reimbursement for expenses.

Type of services	Party providing the service	Recipient	Fee
Audit services	Bdo Italia SpA	Parent company	118,900
Statement on the Conselidated Non-Financial Statement	Bdo Italia SpA	Società controllate	20,000
Service other than auditing (*)	Bdo Italia SpA	Parent company	3,500
TOTAL			**142,400**

* Compensation for financial data ISA 805

Note 33 - Costs for leased assets

In 2023, the item "**Costs for leased assets**" amounted to Euro 1,090,220 compared to Euro 727,678 in the previous year and is broken down in the table below:

Description	31/12/2023	31/12/2022	Change
Rental expenses	48,577	43,185	5,394
Car rental/leasing	20,191	4,219	15,973
Rental of other assets	291,258	149,141	142,117
Royalties	730,193	531,133	199,060
TOTALS	**1,090,220**	**727,678**	**362,543**

Note 34 - Sundry operating expenses

In 2023, "**Sundry operating expenses**" amounted to Euro 1,505,328 compared to Euro 1,556,463 in the previous year and is broken down in the table below:

Description	31/12/2023	31/12/2022	Change
Annual subscriptions	148,363	200,397	(52,034)
Costs consorzi	124,972	-	124,972
Taxes	335,221	346,264	(11,044)
Penalties and fines	5,903	49,991	(44,088)
Charitable donations	23,077	24,000	(923)
Contingency liabilities	268,643	309,809	(41,166)
Write-offs	593,628	627,582	(33,954)
Capital losses on disposals	5,521	3,983	1,538
TOTALS	**1,505,328**	**1,562,027**	**(56,699)**

It should be noted, as already reported in the paragraph “**Change in comparative data**”, that for a better presentation of the figures for 2022, Euro 5,564 thousand was reclassified from the item “**costs for services**” to the item “**sundry operating expenses**” relating to trade associations expenses.

The item “**loss on receivables**” refers to certain losses on receivables that occurred during the year. It should be noted, however, that the Company recognised under the item “Provisions and write-downs of current assets” the release of the bad debt provisions already allocated equal to Euro (597,710) against the aforementioned losses.

Note 35 - Changes in inventories

In 2023, the balance of the item "**changes in inventories**" is positive and amounted to Euro 982,339 compared with the negative change of the previous year of Euro 21,503 and refers to changes in hardware/software products purchased from the sale by the various business units.

Note 36 - Provisions and write-downs of current assets

The item "**Provisions and write-downs of current assets**" in 2023 amounted to Euro (504,606) compared to Euro 188,903 in 2022. The table below provides details on the item:

Description	31/12/2023	31/12/2022	Change
Provision for legal disputes with employees	(27,500)	70,000	(97,500)
Provision for risks on loss-making orders	(33,563)	299,116	(332,678)
Provision for bad debts	(543,544)	(310,540)	(233,003)
Inventory write-down	100,000	130,328	(30,328)
TOTALS	**(504,606)**	**188,903**	**(693,510)**

The item “**Provision for risks on loss-making contracts and research projects**”, amounting to Euro (33,563), relates to the difference between the release of the provision for risks for loss-making orders of Euro (59,325) and the provision for risks for loss-making orders for Euro 25,762.

The item “**Bad debt provisions**”, amounting to Euro (543,544), refers to Euro (597,910) for the release of the bad debt provision already allocated relating to certain losses on receivables that occurred during the year as already described in Note 34 “Sundry operating expenses”; and to Euro 54,166 to write-downs carried out during the year for non-recoverable receivables.

Note 37 - Amortisation, depreciation and write-downs of non-current assets

In 2023, the balance of the item "**Amortisation, depreciation and write-downs of non-current assets**" amounted to Euro 6,831,025 compared with Euro 6,741,225 in the previous year and comprises amounts pertaining to the reporting period for amortisation of intangible assets and depreciation of property, plant and equipment and write-downs.

Description	31/12/2023	31/12/2023	Change
Amortisation intangible assets	2,708,161	2,629,897	78,264
Amortisation tangible assets	2,997,281	3,129,669	(132,388)
Write-downs of equity investments	1,125,583	981,659	143,924
TOTALS	**6,831,025**	**6,741,225**	**89,800**

Amortisation and depreciation

Amortisation of intangible assets amounted to Euro 2,708,161 in 2023 compared to Euro 2,629,897 in 2022, the change is detailed in Note 3.

Depreciation of property, plant and equipment amounted to Euro 2,997,281 in 2023 compared to Euro 3,129,669; the change is detailed in Note 1.

Write-downs

The write-downs in 2023 amounted to Euro 1,125,583 compared to Euro 981,659 in 2022. The amount allocated in 2023 refers to the write-down of the equity investment in Exprivia Messico SA de CV (for Euro 1,081,275) and HR Coffee Srl (for Euro 44,308); for more information, please refer to Note 4.

Note 38 - Financial income and (charges) and other investments

In 2023, the balance of the item "**Financial income and (charges) and other investments**" was a negative Euro 2,674,609 compared to a negative balance of Euro 2,129,550 in 2022. The breakdown between income and charges is shown below.

Description	31/12/2023	31/12/2022	Change
Income from equity investments by subsidiaries	457,044	546,993	(89,949)
Income from parent companies	4,247	17,185	(12,939)
Income from subsidiaries	426	2,656	(2,230)
Income other than the above	65,224	306,100	(240,877)
Income other than the above	(3,088,765)	(2,477,115)	(611,650)
Charges from parent companies	-	(435,197)	435,197
Charges from subsidiaries	(107,945)	(82,142)	(25,804)
Exchange gains / (losses)	(4,838)	(8,031)	3,193
TOTALS	**(2,674,609)**	**(2,129,550)**	**(545,058)**

Income from Equity Investments

In 2023, "**Income from equity investments**" amounted to Euro 457,044 and refers to dividends received from the subsidiary Exprivia Projects Srl.

Income from parent companies

In 2023, the item "**Income from parent companies**" amounted to Euro 4,247 compared with Euro 17,185 in the previous year and related to interest accrued on the loan in place with the holding company Abaco Innovazione SpA.

Income from Subsidiaries

In 2023, "**Income from subsidiaries**" amounted to Euro 426 compared to Euro 2,656 in the previous year and refers to interest accrued from cash pooling and for loans in place with its subsidiaries.

Income other than the above

The item "**Income other than the above**" in 2023 amounted to Euro 65,224 compared to Euro 306,100 in 2022.

Description	31/12/2023	31/12/2022	Change
Bank interest receivable	33,066	3,802	29,264
Other interest income	25,451	105,657	(80,206)
Rounding up of assets	6,706	196,642	(189,935)
TOTALS	**65,224**	**306,100**	**(240,877)**

The change in "**other interest income**" is mainly attributable to the change in fair value of a financial derivative incorporated in the Euro 20,000,000.00 loan agreement signed on 27 November 2020 with a pool of banks, led by Banca Popolare di Puglia e Basilicata, due to the presence of a "floor zero" clause on the Euribor interest rate, valued in accordance with IAS 39.

Interest and other financial charges

In 2023, the item "**Interest and other financial charges**" amounted to Euro 3,088,765 compared to Euro 2,477,115 in 2022.

Description	31/12/2023	31/12/2022	Change
Bank interest payable	15,884	10,881	5,003
Interest on loans and mortgages	1,499,996	1,234,662	265,333
Sundry interest	1,090,312	983,019	107,293
Charges on financial products and sundry items	231,863	175,681	56,182
Rounding up/down	23,491	-	23,491
Interest cost IAS 19	227,220	72,872	154,348
TOTALS	**3,088,765**	**2,477,115**	**611,650**

Charges from Subsidiaries

In 2023, the balance of the item "**Charges from subsidiaries**" amounted to Euro 107,945 compared with Euro 82,142 in 2022 and refers to interest for the cash pooling in place with its subsidiaries.

Exchange gains/(losses)

The balance of the item "**exchange gains/(losses)**" in 2023 is negative for Euro 4,838 compared to a negative balance of Euro 8,031 in 2022 and is related to foreign currency transactions.

Note 39 – Income Taxes

"**Income taxes**" in 2023 amounted to Euro 4,528,444 compared to Euro 4,692,014 in 2022. The table below provides details on the items.

Description	31/12/2023	31/12/2022	Change
IRES	3,339,000	3,585,000	(246,000)
IRAP	989,000	1,065,000	(76,000)
Taxes from prior years	(16,296)	(14,960)	(1,336)
Defered tax	64,812	100,514	(35,701)
Deferred tax assets	151,928	(43,539)	195,467
TOTALS	**4,528,444**	**4,692,014**	**(163,570)**

The Parent Company Abaco Innovazione SpA acts as the consolidating company and determines a single taxable result for the companies under National Tax Consolidation in accordance with art. 117 of T.U.I.R., that is to say Exprivia SpA.

Each company under Tax Consolidation contributes taxable income or tax loss to Abaco Innovazione SpA, recognising a payable/receivable for the subsidiaries, equal to the applicable IRES and tax losses used in the Tax Consolidation.

Please note that the Company has benefited from the income tax break deriving from the use of intellectual property, introduced by article 6 of Italian Decree Law no. 146 of 21 October 2021, converted with amendments by Italian Law no. 215 of 17 December 2021, as subsequently amended by Italian Law no. 234 of 30 December 2021.

The table below shows the reconciliation between the theoretical IRES charge reported in the financial statements and the actual tax charge:

Description	31/12/2023		31/12/2022	
	AMOUNT	%	AMOUNT	%
RECONCILIATION BETWEEN THEORETICAL AND ACTUAL RATE				
RESULT BEFORE TAXES	17,458,754		16,666,413	
THEORETICAL TAX	**4,190,101**	**24.0%**	**0**	**24.0%**
NON-DEDUCTIBLE COSTS AND EXPENSES	3,443,184		3,290,480	
NON-TAXABLE REVENUES AND INCOME	(4,018,031)		(3,678,181)	
DEPRECIATION	27,741		(25,914)	
OTHER CHANGES IN DECREASE	(2,999,149)		(1,315,287)	
USE OF TAX LOSSES				
TAXABLE TAX	13,912,499		14,937,511	
IRES FOR THE YEAR	**3,339,000**		**3,585,000**	
EFFECTIVE RATE		**19.1%**		**21.5%**

Note 40 - Profit (Loss) for the Year

The income statement closed with a profit (after tax) of Euro 12,930,311 and is confirmed in the balance sheet as well.

Note 41 - Information on the Cash Flow Statement

The cash flows deriving from income management were a positive Euro 19 million, the management of working capital absorbed cash flows of Euro -2.8 million, investment activities absorbed cash of Euro -2.4 million, whereas the cash flow absorbed by financing activities was Euro -8.1 million.

Financial charges paid in the financial year amounted to Euro 2,829 thousand, income received in the financial year amounted to Euro 33 thousand and taxes paid in the financial year amounted to Euro 4,880 thousand.

Contributions and economic benefits received from public administrations

Pursuant to art. 1, paragraph 125, of Italian Law no. 124 of 2017, the statement below provides information relating to contributions and other economic benefits received in cash from the Italian public administrations in the course of 2023.

Typology	Financing Body	Project	Amount collected 31/12/2023
Lost Fund	Regione Puglia	Smart Future Organic Farm	10,929
Lost Fund	Meditech	Tiam	56,384
Lost Fund	Regione Puglia	Olive Matrix	10,661
Lost Fund	MISE	Prosit	453,691
Lost Fund	MUR	Mitigo	57,899
Lost Fund	INPS	Temporary Crisis Framework da luglio 2022	1,229,494
Lost Fund	MUR	Across	219,434
Lost Fund	MUR	Si-Robotics	381,041
Lost Fund	Regione Lazio	HEAL9000	6,449
Lost Fund	Regione Puglia	Innolabs Farma4All	47,254
Lost Fund	Regione Puglia	Secure Safe Apulia	2,197,480
Total			**4,670,716**

It should be noted that on 2 June 2023 the research project called Prosit “Development, application and validation of Products, Processes and Services for Digital Health” identified under number F/080028/01- was completed. 04/X35, funded by the Ministry for Economic Development (subsidies provided for in Article 6 of the Decree of 1 June 2016, under Axis 1, action 1.1.3 of the National Operational Programme “Imprese e Competitività” 2014-2020 FERS - Large PON Projects - Digital Agenda). With a total duration of 48 months, the project was carried out by Exprivia SpA as Lead Partner, as well as by the partner companies STMicroelectronics Srl and Masmec SpA, and involved the creation of a clinical collaboration platform for the diagnosis, treatment and monitoring of cardiovascular diseases.

Related parties

Exprivia carries out transactions with the parent company, with subsidiaries and associated companies and with other related parties.

Inter-company Relations

Transactions between Exprivia and the parent companies, subsidiaries and associates essentially consist of services and the exchange of software products. They are part of ordinary operations conducted at market conditions, meaning at the conditions that would be applied between independent parties. All transactions are carried out in the interest of the companies involved. The tables below show amounts for commercial relations, financial relations and those of other kinds with parent companies, subsidiaries and associated companies.

The tables below show amounts for commercial relations, financial relations and those of other kinds with subsidiaries of Exprivia.

All values are expressed in Euro units.

Equity Investments in Subsidiaries

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	1,709,366	1,709,366	-
Group Exprivia S.L.U	2,445,876	2,445,876	-
Exprivia Do Brasil	2,574,976	2,574,976	-
Exprivia Chile	1,131	1,131	-
ProSap SA de CV (Messico)	382,371	563,268	(180,897)
Advanced Computer Systems Gmbh	25,000	25,000	-
Spegea S.c.a r.l.	300,000	300,000	-
HRCOFFEE Srl	158,134	202,442	(44,308)
Consorzio Exprivia S.c. a r.l.	22,003	22,003	-
Exprivia Asia Ltd	350,000	350,000	-
TOTALS	**7,968,858**	**8,194,062**	**(225,205)**

Non-Current Financial Receivables

Description	31/12/2023	31/12/2022	Change
Exprivia Messico SA de CV	-	903,329	(903,329)
Exprivia Asia	913,621	913,621	-
TOTALS	**913,621**	**1,816,950**	**(903,329)**

Trade Receivables

Description	31/12/2023	31/12/2022	Change
Consorzio Exprivia	243,616	206,180	37,436
Exprivia Messico SA de CV	162,176	109,591	52,585
Exprivia Projects Srl	1,406,456	573,632	832,824
Exprivia SLU	94,047	134,634	(40,587)
Spegea S. c. a.r.l.	147,714	85,665	62,049
HR Coffee	6,043	13,792	(7,749)
Exprivia Shanghai	57,923	73,088	(15,165)
TOTALS	**2,117,974**	**1,196,582**	**921,392**

Work in Progress

Description	31/12/2023	31/12/2022	Change
Spegea Scarl	19,670		19,670
Consorzio Exprivia Scarl	415,725	175,135	240,590
TOTALS	**435,395**	**175,135**	**260,260**

Other Current Receivables

Description	31/12/2023	31/12/2022	Change
Receivables from Exprivia Projects for IRES from tax consolidation	-	254,697	(254,697)
Receivables from Exprivia Projects for VAT	295,551	186,807	108,744
Eeceivable from Spegea for IRES from tax consolidation	6,431	6,447	(16)
TOTALS	**301,982**	**447,951**	**(145,969)**

Current Financial Receivables

Description	31/12/2023	31/12/2022	Change
Exprivia SLU	-	102,169	(102,169)
Spegea Scarl	6,005	3,045	2,960
TOTALS	**6,005**	**105,214**	**(99,209)**

Non-current financial payables

Description	31/12/2023	31/12/2022	Change
Exprivia Chile SpA	1,132	1,132	-
TOTALS	**1,132**	**1,132**	-

Trade Payables

Description	31/12/2023	31/12/2022	Change
Exprivia Messico SA De CV	-	40,309	(40,309)
Exprivia Projects Srl	260,016	139,505	120,511
HR COFFEE Srl	-	60,695	(60,695)
Exprivia Shanghai	10,992	-	10,992
Exprivia SLU	135,555	41,941	93,614
ACS GMBH	259,554	155,875	103,679
Spegea S.c. a r.l.	285,448	30,879	254,569
TOTALS	**951,566**	**469,204**	**482,362**

Current Financial Payables

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	1,778,962	1,860,144	(81,182)
Spegea S.c. a r.l.	2,318	2,318	-
TOTALS	**1,781,281**	**1,862,462**	**(81,182)**

Other Current Payables

Description	31/12/2023	31/12/2022	Change
Consorzio Exprivia for VAT	-	61,713	(61,713)
HR Coffee for consolidated ires	-	171,214	(171,214)
TOTALS	-	**232,927**	**(232,927)**

Trade Revenues

Description	31/12/2023	31/12/2022	Change
Spegea Scarl	88,502	10,883	77,619
Exprivia Projects Srl	1,908,921	1,047,678	861,243
Exprivia SLU	(296,407)	-	(296,407)
Exprivia Shanghai	-	15,483	(15,483)
Exprivia Messico SA de CV	(171,630)	(234,152)	62,522
Consorzio Exprivia Scarl	2,213,489	2,541,068	(327,579)
HR COFFEE Srl	6,043	6,016	27
TOTALS	**3,748,919**	**3,386,975**	**361,944**

Trade Costs

Description	31/12/2023	31/12/2022	Change
Spegea Scarl	288,023	145,805	142,218
Exprivia Projects Srl	306,212	213,549	92,663
Exprivia SLU	479,876	420,476	59,400
ACS Gmbh	820,349	702,867	117,483
Exprivia Shanghai	10,992	-	10,992
Hr Coffee Srl	59,750	49,750	10,000
Exprivia Messico SA De CV	-	43,384	(43,384)
TOTALS	**1,965,203**	**1,575,831**	**389,372**

Personnel Revenues/Costs

Description	31/12/2023	31/12/2022	Change
Revenues from seconded personnel v Exprivia Projects	(65,942)	-	(65,942)
Personnel costs on secondment v Exprivia Projects	220,056	233,637	(13,582)
TOTALS	**154,114**	**233,637**	**(79,524)**

Write-downs of Equity Investments

Description	31/12/2023	31/12/2022	Change
Exprivia Slu	-	967,613	(967,613)
Hr Coffee Srl	44,308	14,046	30,262
Exprivia Messico Sa de CV	1,081,275	-	1,081,275
TOTALS	**1,125,583**	**981,659**	**143,924**

Income from Equity Investments

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	457,044	546,993	(89,949)
TOTALS	**457,044**	**546,993**	**(89,949)**

Financial Income (interest income on loans)

Description	31/12/2023	31/12/2022	Change
Exprivia SLU	426	2,656	(2,230)
TOTALS	426	2,656	(2,230)

Financial Charges (cash pooling interest expense)

Description	31/12/2023	31/12/2022	Change
Exprivia Projects Srl	107,945	82,142	25,804
TOTALS	107,945	82,142	25,804

Relations with Parent Companies

For information concerning relations with the parent company, see the Directors' Report in the sections "Exprivia Relations with the Parent Company" and "Report on Management and Coordination Activities".

Current Financial Receivables

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA	-	475,110	(475,110)
TOTALS	-	475,110	(475,110)

Trade Receivables

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA	50,870	45,870	5,000
TOTALS	50,870	45,870	5,000

Other Current Receivables

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA	273,771		273,771
TOTALS	273,771	-	273,771

Financial Costs (guarantees)

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA	-	435,197	(435,197)
TOTALS	-	435,197	(435,197)

Financial Income (interest income on loans)

Description	31/12/2023	31/12/2022	Change
Abaco Innovazione SpA	4,247	17,185	(12,939)
TOTALS	4,247	17,185	(12,939)

Relations with Associated Companies

Relations with Associated Companies consist primarily of services and the exchange of products. They are part of ordinary business operations and are settled at market conditions, i.e. on the terms that would have applied between two independent parties. All transactions are carried out in the interest of the Company involved.

The table below provides information on relations with associated companies: values are expressed in Euro units:

Equity Investments in Associated Companies

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	498,000	498,000	-
URBANFORCE SCARL	8,000	8,000	-
TOTALS	**506,000**	**506,000**	**-**

Receivables from Associated Companies

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	-	150,871	(150,871)
TOTALS	**-**	**150,871**	**(150,871)**

Payables to Associated Companies

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	60,991	1,153	59,838
TOTALS	**60,991**	**1,153**	**59,838**

Costs

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	156,410	35,433	120,977
TOTALS	**156,410**	**35,433**	**120,977**

Revenues

Description	31/12/2023	31/12/2022	Change
QUESTIT SRL	-	201,646	(201,646)
TOTALS	**-**	**201,646**	**(201,646)**

Relations with Other Related Parties

Transactions with other related parties essentially consist of services and the exchange of products. They are part of ordinary business operations and are settled at market conditions, i.e. on the terms that would have applied between two independent parties. All transactions are carried out in the interest of the Company involved.

The table below provides information on relations with other related parties: values are expressed in Euro units:

Payables to suppliers

Description	31/12/2023	31/12/2022	Change
Giuseppe Laterza & Figli SpA	6,100	11,100	(5,000)
TOTALS	**6,100**	**11,100**	**(5,000)**

Costs

Description	31/12/2023	31/12/2022	Change
Giuseppe Laterza & Figli SpA	10,000	27,160	(17,160)
TOTALS	**10,000**	**27,160**	**(17,160)**

As per the requirements of CONSOB resolution no. 11520 of 1 July 1998, the table below illustrates the remuneration for Directors, Statutory Auditors and Key Executives. For further information, see the "Remuneration Report" available on the Company's website (www.exprivia.it) in the section Corporate - Corporate Governance - Corporate Information.

	31/12/2023				31/12/2022			
Offices	Fixed remuneration	Equity compensation committees	Wages and salaries	Other incentives	Fixed remuneration	Equity compensation committees	Wages and salaries	Other incentives
Administrators	454,000	102,000	206,000	431,234	454,000	102,000	266,846	327,800
Statutory Auditors	81,829	-	-	-	81,829	-	-	-
Strategic managers	-	-	255,385	69,298	-	-	232,692	76,955
TOTAL	**535,829**	**102,000**	**461,385**	**500,532**	**535,829**	**102,000**	**499,538**	**404,755**

Transactions with related parties essentially consist in services and the exchange of products. They are part of ordinary business operations and are settled at market conditions, i.e. on the terms that would have applied between two independent parties. All transactions are carried out in the interest of the Company involved.

There are no advances or loans to directors or statutory auditors and no commitments have been undertaken on behalf of the management body due to guarantees of any kind having been given.

Transactions Deriving from Atypical/Unusual Operations

In accordance with Consob Notice no. 6064293 of 28 July 2006, it should be pointed out that in 2023 the Company did not carry out any atypical and/or unusual operations, as defined in the notice itself.

Contingent liabilities

There are no contingent liabilities not recorded in the balance sheet.

Subsequent Events

On **29 January 2024**, Exprivia SpA appointed Deloitte & Touche S.p.A., as an expert appointed by the Court of Bari, to issue the legal certifications pursuant to Articles 2501-sexies and 2501-bis, paragraph 4, of the Italian Civil Code, for the merger by incorporation of Exprivia into Abaco3 S.p.A., envisaged in the offer document published by Abaco 3 S.p.A. and aimed at delisting.

It should be noted that, in consideration of the shareholding relationship between Exprivia S.p.A. and Abaco3 at the end of the Offer, the fact that Abaco3 S.p.A. is wholly owned by Abaco Innovazione S.p.A., as well as the significance of the merger, the same constitutes a transaction of greater significance between related parties pursuant to and for the purposes of the Regulation on Transactions with Related Parties issued with Consob resolution no. 17221 of 12 March 2010, as amended, and of the procedure on transactions with related parties, approved by Exprivia's Board of Directors pursuant to art. 2391-bis of the Italian Civil Code and of the Regulation itself.

Molfetta, 11 March 2024

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Mr Domenico Favuzzi

Board of Directors' Proposal to the Shareholders' Meeting

Dear Shareholders,

We would like to thank you for your trust and we encourage you to approve the year-end financial statements at 31 December 2023. We propose that the profit of Euro 12,930,310.55 be allocated to an extraordinary reserve.

Molfetta, 11 March 2024

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Mr Domenico Favuzzi

Certification of the Financial Statements pursuant to Art. 154-bis of Italian Legislative Decree no. 58/98

The undersigned Domenico Favuzzi, Chairman and CEO, and Donato Dalbis, Executive manager responsible for preparing the corporate accounts of Exprivia, certify the following, taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Company and
- the effective application of administrative and accounting procedures to draft the financial statements for the reporting period at 31 December 2023.

Furthermore, it is certified that the financial statements:

c) correspond to accounting records;

d) were prepared in accordance with International Financial Reporting Standards (IFRS), which were adopted by the European Commission with regulation 1725/2003 as amended, and are suitable for giving an accurate and correct representation of the equity, economic and financial situation of the company;

e) the Directors' Report includes a reliable analysis that is consistent with the financial statements, operating trends and results, and also the situation of the company, together with the description of the main risks and uncertainties.

Molfetta, 11 March 2024

Domenico Favuzzi

Chairman and Chief Executive Officer

Donato Dalbis

Executive manager responsible for preparing the corporate accounts

Independent Auditors' Report on the Financial Statements of Exprivia SpA at 31 December 2023

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www.bdo.it

Viale Abruzzi, 94
20131 Milano

Independent auditor's Report

pursuant to article 14 of Legislative Decree no. 39, dated January 27, 2010, and article 10 of Regulation (EU) 537/2014

To the shareholders of
Exprivia S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of Exprivia S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2023, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material information on the accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of Exprivia S.p.A. as at 31 December 2022 where audited by another auditor who, on 30 March 2023, expressed an unmodified opinion on these financial statements.

The Company, as required by law, has included in the explanatory notes the essential data of the latest financial statements of the Company which exercises direction and coordination activity on it. Our opinion on the financial statements of Exprivia S.p.A. does not extend to such data.

Key audit matters

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

BDO

Key audit matter	Audit response
Evaluation of the recoverability of the book value of goodwill *Note 2 - "Goodwill" of the Explanatory Notes to Separate financial statements as at December 31, 2023 of Exprivia S.p.A.* The value of goodwill as at December 31, 2023 amounts to approximately 67 million euros, corresponding to approximately 30 percent of the total assets. The recoverability of goodwill as 31 December 2023 was verified by the directors through the comparison between the book value of the IT Cash Generating Unit to which the goodwill is allocated and the related value in use, identifiable as the actual value of the future cash flows that are expected to be guaranteed by the IT Cash Generating Unit using the Discounted Cash Flow Model. Operating cash flow projections, related to the period of five years considered, are based on plans submitted for approval by the Company's Board of Directors on 28 February 2024. The terminal value of the IT Cash Generating Unit was calculated as the actual value of the perpetual income obtained by capitalizing the cash flow generated in the last forecast period at a long-term growth rate (G-rate) equal to the long-term inflation rate expected for Italy. Both the discount rate (WACC) and the long-term growth rate (G-rate) were determined with the support of an independent expert. From the impairment test carried out, no loss in value emerged that should be reflected in the financial statements as at 31 December 2023. Furthermore, the Company carried out a sensitivity analysis based on the changes in the discount rate, the G-rate as well as the combined change in both variables mentioned. The analysis carried out highlighted that the values in use are higher than the book values. The item "Goodwill" was considered relevant for the purposes of the audit work both for the significant amount and for the technical complexity of the process of estimating its recoverable value, as based on assumptions and valuation hypotheses influenced by economic and market subject to uncertainties typically connected to the determination of prospective cash flows and the discount rate.	We have understood the methodology adopted by the company management in preparing the impairment test approved by the Board of Directors on 28 February 2024. We have verified the identification criteria of the IT Cash Generating Unit in line with the Group structure. We have verified the concordance of the future cash flows expected for the IT Cash Generating Unit with the data approved by the Company's Board of Directors. We analyzed the main assumptions used in preparing the forecast plans of the IT Cash Generating Unit and assessed the consistency and reasonableness of the prospective data used by the Company with respect to what is required by the accounting standard IAS 36, to the results achieved in previous years and to the sources of information external. We verified the mathematical accuracy of the main data contained in the impairment test and recalculated the discount rate and the long-term growth rate taking into account the expected inflation estimates. We have re-examined the sensitivity analysis prepared by the Company from a mathematical point of view. The audit procedures were carried out with the assistance of experts in evaluation models, members of the BDO Italia network. Finally, we considered the adequacy of the disclosures presented in the financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree no. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA Italia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also have:

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

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We have also provided those charged with governance with a statement that we have complied with ethical and independence requirements applicable in Italy, and we have communicated all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate relevant risks or the safeguards measures applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described those matters in the auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

We were initially engaged by the shareholders meeting of Exprivia S.p.A. on 27 April 2023 to perform the audits of the financial statements of each fiscal year starting from 31 December 2023 to 31 December 2031.

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

We confirm that the opinion on the financial statements included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of Regulation (EU) 537/2014, submitted to those charged with governance.

Reports on other legal and regulatory requirements

Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815

The directors of Exprivia S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF - European Single Electronic Format) (hereinafter the "Delegated Regulation") to the financial statements, to be included in the Annual Financial Report.

We have performed the procedures required under Auditing Standard (SA Italia) no. 700B in order to express an opinion on the compliance of the financial statements as at December 31, 2023 to the requirements of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 have been prepared in XHTML format in compliance to the requirements of Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree no. 39/10 and of article 123-bis paragraph 4 of Legislative Decree no. 58/98.

The directors of Exprivia S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Exprivia S.p.A. as at December 31, 2023, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under Auditing Standard (SA Italia) no. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph. 4, of Legislative Decree no. 58/98, with the financial statements of Exprivia S.p.A. as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of Exprivia S.p.A. as at December 31, 2023 and are compliant with applicable laws and regulations.

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With reference to the assessment pursuant to article 14, paragraph. 2, (e), of Legislative Decree no. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, March 26, 2024

BDO Italia S.p.A.
Signed by

Vincenzo Capaccio
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.