Annual Report 2021

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future. perfect. simple.

Contents

Letter to Shareholders

Dear Shareholders,

2021 was an extraordinary year which will be remembered as one of unimaginable events, immediately following the pandemic that plagued humanity and still continues to claim victims worldwide.
We witnessed the storming of the US parliament, the halting of world trade - due to an ordinary accident in the Suez Canal - the withdrawal of the West from Afghanistan that set the Afghan people and democracy back a hundred years, the great global vaccination campaign, the launch of the green pass era.
The year 2021 will leave its mark on history, as will the present time, which is opening up with glimpses of world war in the heart of Europe no less.

Within the smaller scope of our being a company and an economic player, Exprivia has continued its mission of innovating its customers' business models through digital transformation, interpreting the greatest changes underway. These transformations are now as inevitable as they are urgent: ecological and energy transitions, Europe's various national versions of the NRRP which have become central to the social and economic policies of each country.

We can certainly say that the market in which we operate is experiencing a privileged situation: we were able to continue operating during the pandemic, thus ensuring the continuity of our customers' processes. Indeed, it was precisely technology that enabled new approaches to service with remote working, while today we find ourselves at the centre of the largest industrial plan that our country has seen since the Second World War.
And yet it was not an easy year for Exprivia due to the fact that the industrial affair that began with the acquisition of Italtel in December 2017 came to an end. During 2021, we focused on consolidating the positions we acquired in the market, supporting our customers in that recovery phase during which our country's GDP has grown by more than 6%.
We can say that we have latched on to the economic recovery following the acute phase of the pandemic, that we have managed to grow in line with the trends in the Italian digital market and, above all, that we have preserved, or rather increased, our margins and, finally, reduced our debt, which, to tell the truth, has always been within the parameters of Exprivia's size. It is precisely with solid industrial and financial fundamentals that we are now preparing to relaunch our group, through new strategic lines of development that will see us increasingly and better oriented towards the challenges that lie ahead: the digitalisation of the country, the environmental challenges that can only be met by a strong political will and a conscious use of technology.

In this context, which is no ordinary one, we can and want to say it: we are really satisfied with the way 2021 ended for Exprivia SpA. We grew more than market analysts had assumed, recording +8% in revenues and an EBITDA of 13.5% of value of production, above the averages for companies in our sector. Net financial debt improved by as much as Euro 14 million to just over Euro 26 million. All this results in a bottom line of Euro 10 million.
We are satisfied and therefore I would like to use this opportunity to thank our customers who have maintained their confidence in our ability to support them in their business decisions, the more than two thousand employees of our Group and the management supporting me every day in the strategies and their implementation.
As a group with sound foundations and cohesive management, we are steering the future. It has never been easy to make predictions, and is more difficult than ever today: the war in Ukraine has surprised us and left us incredulous. We quickly stopped reading about pandemics and the NRRP to make room for daily war bulletins. But we do not want to give up the responsibility of developing the future, our future.
Once again, I can say that we started the new year 2022 with an awareness of our strengths and with a financial structure that will allow us to continue investing in growth: innovation in services, in solutions, continuous training of our employees. We are looking very closely at Artificial Intelligence, at how pervasive it

is becoming in the service of human life, and we are counting on serving this unstoppable trend with conviction. We pay attention to the centrality of systems and information security, which has become a central asset in all exchanges between people and things. We are increasing our presence in the Space economy with rising investments in skills and technologies. We continue to invest in the new Healthcare, with Telemedicine at the forefront, and in the Utilities sector.
We want to become a reference point for Public Administrations, for the private sector, for young people entering the world of work, a reliable and secure reference point for the changes taking place. We are counting on working to ensure that technologies are the real bulwark for a new renaissance of humanity in which women and men are always unquestionably at the centre. We are always convinced and proud to be able to contribute in this way - with the strength of our ideas and expertise - to the growth of our people, of our company size, of the value we create for our shareholders and of our country.

The Chairman,
Domenico Favuzzi

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)
Gianfranco Viesti (2)
Giovanni Castellaneta

Board of Statutory Auditors

Chairman

Dora Savino

Standing Auditors

Andrea Delfino
Mauro Ferrante

Independent Auditors

PricewaterhouseCoopers 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 2021

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 2021 and 31 December 2020.

amount in thousand Euro

	31.12.2021	31.12.2020
Total revenues - Continuing Operations	181,726	167,811
net proceeds	176,476	161,607
increase to assets for internal work	1,671	2,074
other proceeds and contributions	3,579	4,130
Difference between costs and production proceeds (EBITDA) - Continuing Operations	24,579	21,387
% on total revenues	13.5%	12.7%
Net operating result (EBIT) - Continuing Operations	18,148	15,009
% on total revenues	10.0%	8.9%
Net result- Continuing Operations	10,138	8,632
Net result- Discontinued Operations	-	156,899
Net result	10,138	165,531
Group net equity	73,889	63,638
Total assets	207,123	216,638
Capital stock	24,616	24,616
Net working capital (1)	7,794	9,664
Cash flow - Continuing Operations (2)	18,296	13,994
Cash flow - Discontinued Operations (2)	-	1,086
Fixed capital (3)	100,700	102,811
Investment (4)	3,006	5,370
Cash and securities / other financial assets (a)	23,748	33,362
Financial payables / other short-term financial liabilities (b)	(16,284)	(29,799)
Financial payables / other medium / long-term financial liabilities (c)	(33,971)	(43,861)
Net financial debt (5)	(26,507)	(40,298)

(1) - "Net working capital" is calculated as the sum of the total current assets, less liquidity and total current liabilities plus current bank debt.

(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 tangible 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 2021, compared with the same period of the previous year.

Exprivia Group	31.12.2021	31.12.2020
ROE index (Result for the period - Continuing Operations / Group shareholders' equity)	13.72%	13.56%
ROI index (Net operating margin Continuing Operations / Net invested capital) (6)	19.24%	15.50%
ROS index (Net operating margin Continuing Operations / Revenues from sales and services)	10.28%	9.29%
Financial charges (7) / Result for the period Continuing Operations	0.30	0.35

(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 2021 and 31 December 2020.

Exprivia Group	31.12.2021	31.12.2020
Net Financial Debt / Equity Capital	0.36	0.63
Debt ratio (Total Liabilities / Equity Capital)	2.80	3.40

Summary of the Operations in 2021

The table below also provides the results for the continuing operations of the Exprivia group at 31 December 2021 compared with the previous year:

Exprivia Group - Continuing Operations (amounts in thousands of Euro)	year 2021	year 2020	Variations	% Variations
Revenues	181,726	167,811	13,915	8.3%
EBITDA	24,579	21,387	3,192	14.9%
EBIT	18,148	15,009	3,139	20.9%
Pre-tax result	15,155	11,537	3,618	31.4%
Result	10,138	8,632	1,506	17.4%
Exprivia Group - Continuing Operations (amounts in thousands of Euro)	**31.12.2021**	**31.12.2020**	**Variations**	**% Variations**
Net financial debt	(26,507)	(40,298)	13,791	34.2%

To be noted is that revenues for 2021, amounting to Euro 181.7 million, increased significantly compared to 2020; margins grew even more strongly than revenues, resulting in Pre-tax result that increased by 31% compared to the previous year. The net financial debt of Euro 26.5 million at 31 December 2021, improved by Euro 13.8 million compared to the negative value of Euro 40.3 million at 31 December 2020.

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 2021, compared with the figures at 31 December 2020.

amount in Euro	31.12.2021	31.12.2020
Total revenues	164,308,851	151,249,661
net proceeds	159,391,499	145,093,101
increase to assets for internal work	1,670,545	2,073,945
other proceeds and contributions	3,246,806	4,082,615
Difference between costs and production proceeds (EBITDA)	26,024,287	21,790,827
% on total revenues	16%	14%
Net operating result (EBIT)	17,949,194	15,574,021
% on total revenues	11%	10%
Net result	10,165,107	10,227,562
Group net equity	76,350,886	66,106,891
Total assets	206,185,523	214,061,215
Capital stock	24,615,694	24,615,694
Net working capital (1)	6,962,049	6,871,606
Cash flow (2)	17,528,678	15,014,349
Fixed capital (3)	106,026,778	108,388,798
Investment	3,058,944	5,557,592
Cash and securities / other financial assets (a)	19,609,777	30,080,658
Short-term intra-group financial receivables (payables) **(b)**	97,862	448,888
Inter-company financial receivables (payables) with m / l term **(c)**	466,511	1,838,593
Short-term financial debts **(d)**	(15,960,544)	(29,197,960)
Medium-/long-term financial debts **(e)**	(33,389,766)	(43,145,334)
Net financial debt **(4)**	(29,176,159)	(39,975,154)

(1) - "Net working capital" is calculated as the sum of the total current assets, less liquidity and total current liabilities plus current bank debt.

(2) - "Cash flow" represents the cash flow generated (absorbed) by 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 tangible 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 company for 2021 compared to 2020:

Exprivia	31/12/2021	31/12/2020
ROE Index (Result for the year / Shareholders' equity)	13.31%	15.47%
ROI index (Net operating margin / Net invested capital) (6)	18.09%	15.55%
ROS Index (Net Operating Margin / Revenues from Sales and Services)	11.26%	10.73%
Financial charges (7) / Result for the year	(0.29)	(0.28)

(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 2021 compared to 2020:

Exprivia	31/12/2021	31/12/2020
Net Financial Debt / Equity Capital	0.38	0.60
Debt ratio (Total Liabilities / Equity Capital)	2.70	3.23

Profile of Exprivia Group

Future. Perfect. Simple

Profile of Exprivia Group

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

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 MTA 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

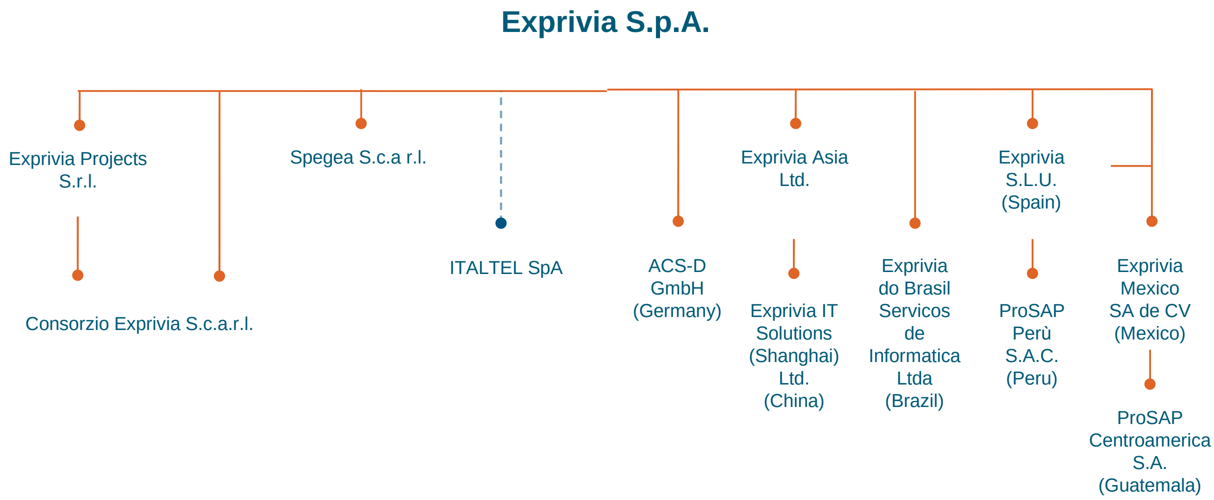
Being simple is the fundamental requirement of all of our systems, designed to improve people's lives through the availability and usability of information.

Simplicity

For us, this means mobilizing 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 be noted that Quest.it Srl is an associate of Exprivia while the others are all directly or indirectly controlled.



Exprivia SpA holds 81% of the share capital of Italtel SpA and the Board of Directors of Exprivia SpA acknowledged, by resolution of 30 April 2021, that it had lost control of Italtel SpA pursuant to IFRS 10 as from 31 December 2020.

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 Italtel 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 300,000. 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.

ITALTEL SpA, a company of which Exprivia owns 81% of the share capital but which it does not control pursuant to IFRS 10 as from 31 December 2020.

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. The company controls 99.9% of ProSAP Perù SAC.

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, including through its subsidiary, with offices in Guatemala (ProSAP Centroamerica S.A.).

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.

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.

Other Equity Investments

The main non-controlling "other equity investments" are shown below.

AreaMedical24 S.r.l., a company of which Exprivia owns 10% of the share capital. The company, founded in 2017 by a group of professionals, is a start-up specialised in providing social-healthcare services at home or at partner facilities. AM24 is partnered with over 2,000 doctors and 725 paramedics for home visits and approximately 1,900 hospitals and health centres.

Software Engineering Research & Practices S.r.l., established in 2006 and 6% held by Exprivia SpA, is spin-off of the University of Bari. Its goal is to industrialise the results of university research in the field of software engineering and transfer them into business processes.

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" Società cons. a r.l., 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.

Consorzio Italy Care, established in March 2014 by Exprivia SpA together with Farmalabor Srl, Gruppo Villa Maria Care & Research, and MASMEC Biomed. The Consortium aims to optimise results and investments in healthcare. The strong drive towards internationalisation plays a key role in Italy Care's mission. Promoting a winning image of the health supply chain well beyond the national borders is in fact an essential objective of the consortium.

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.

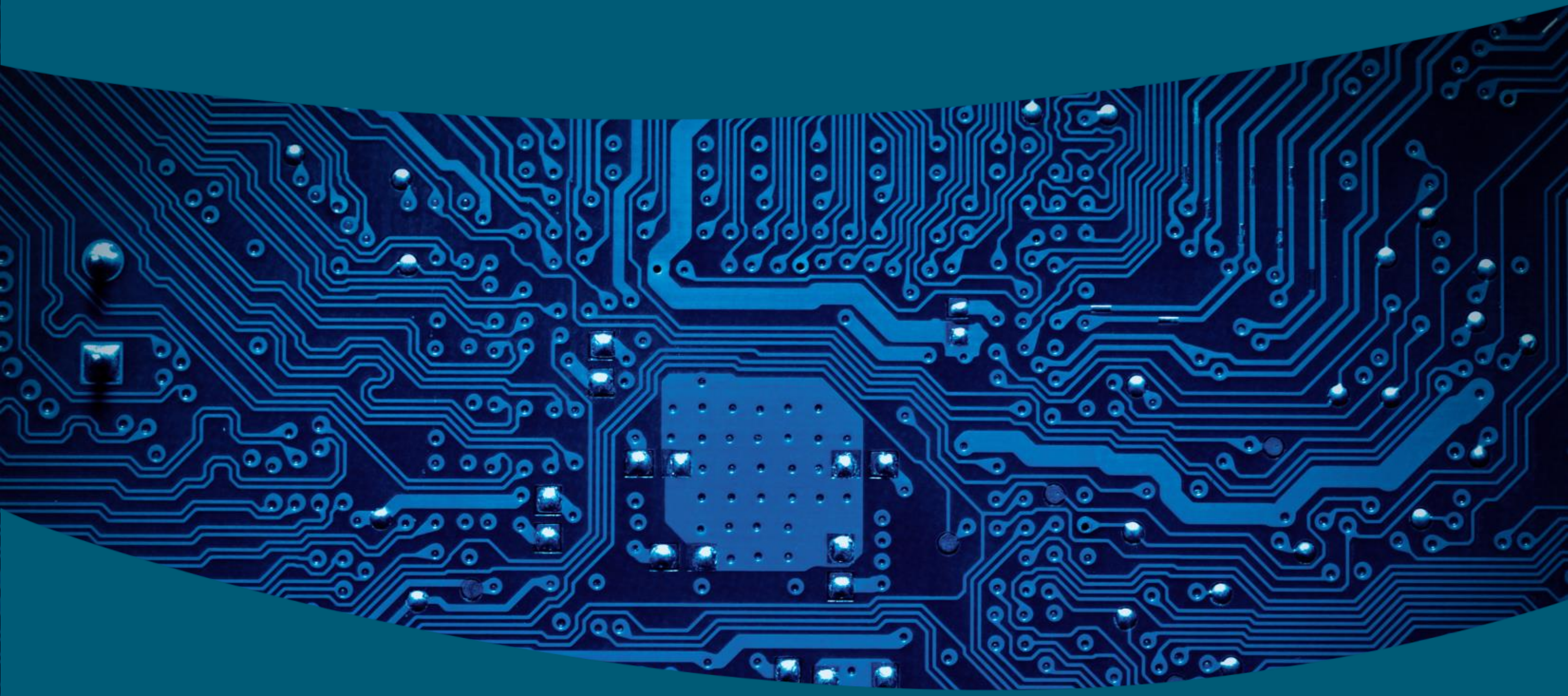
Public Sector

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

Performance Trend of the Exprivia Group

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

Banking & Finance

The "pandemic coexistence" and the launch of the NRRP have also characterised and influenced the Banking & Insurance sector and its development plan for 2021. Having overcome the emergency management of the crisis in 2020, the new omni-channel models that exploit all the potential of digital transformation both in terms of optimising internal costs and evolving customer relations and in the ability to convey an increasingly wide-ranging offer "tailored" to the needs of each customer have become fully operational.

The sector continues to manage a profound change in the overall balance of players involved in which more or less important M&A operations are accompanied by new business development models in collaboration with companies specialised in banking and insurance services or by incorporating them into the main groups in the sector, or, in still other cases, by starting collaborations with initiatives born in other industrial sectors by exploiting the opportunities of open banking and PSD2. In particular: in 2021, we recorded the first steps of the change from the Open Banking paradigm to the Open Finance paradigm.

All of this was also made possible by an overall increase in IT expenditure in the sector, estimated to grow by 1.3% compared to 2020 (Source: CIPA and ABI, Survey on IT in the Italian banking sector, October 2021), consisting of both a management component (particularly on Finance, Credit, Collections and Payments processes and on Typical Banking Services), and investments for:

• the enhancement of Digital Onboarding and Mobile Banking services;

• the development of Data Governance, AI and Hyperautomation initiatives;

• the management and mitigation of Cyber Risk;

• the transformation of Technological Architectures and the evolution in terms of Cloud Computing.

Exprivia's proposal in this sector well supported both the demand for the management component and the demand for the investment component. This resulted in an overall better performance of almost 4% compared to 2020 in the Capital Market and Credit & Factoring segments, in particular, while also delivering innovative solutions in the areas of Mobile Banking, AI, Hyperautomation and Cyber Security.

In conclusion, a positive performance in 2021, despite the general uncertainty in the segment, achieved by pursuing a business development strategy launched in the second half of 2020 and which we are confident will continue successfully in 2022.

Telco & Media

The 2021 fiscal year showed positive results on the Telco & Media market, mainly due to the substantial consolidation of the main customers, together with innovative offerings that are attracting growing interest and producing their first concrete effects.

These include:

Big Data & Analytics, with projects and services aimed at the strategic use of massive information to support decision-making processes and create new business value;

Cloud, with an increasing trend for operators to adopt infrastructure and develop applications on public, private and hybrid clouds;

5G, with a greater demand for services and expertise on new network features, associated with the growing spread of this technology;

Energy & Utilities

In the second half of 2021, the energy markets were characterised by an unprecedented increase in gas and electricity prices. This trend is mainly driven by the increase in energy consumption. With reference to the Italian market for 2021, ENEA reports a growth in primary energy consumption of more than 7% compared to 2020. Compared to 2019 (pre-Covid), primary energy demand in the third quarter of 2021 was only 1% lower.

In the second half of 2021, there was an increase in oil consumption and net electricity imports. Coal consumption also grew significantly (a peak of +25% in the third quarter to meet thermoelectric production), while demand for natural gas fell, mainly in electricity generation, where it was penalised by the rally in raw material prices and the increase in electricity imports. In this scenario, Co2 emissions show an increase of around 7% compared to the same period last year, although they are still lower than in 2019 (-7%).

Despite these tensions, the economic scenario remains positive, with energy demand set to expand further in 2022.

In such a context of recovering energy demand, the most innovative dynamics of the national energy system remain heavily concentrated in the sectors of renewable sources, the relative load balancing, energy efficiency and the use of gas infrastructures, in line with the commitments undertaken by our country also in the National Integrated Energy and Climate Plan (PNIEC) also regarding the reduction of CO2.

In this perspective, Exprivia is continuing the process of enriching and diversifying its value proposition by aiming to support its customer companies in energy transition processes also through Energy Management (Energy Communities, Uvam, Smart Grid etc.).

During 2021, Exprivia consolidated its position on Oil&Gas operators, participating in some of the main digital transformation programmes designed to enable business models related to the energy transition:

- Development of sustainable mobility;
- Enhancement of renewables;
- Efficiency of the plants.

A significant contribution was made to the development of programmes on Environmental, Social and Corporate Governance issues through the design of an offer system dedicated to directing company performance towards the creation of value through the pursuit of social and environmental objectives.

Aerospace & Defence

2021 ended in line with the trend of the first half of the year. The Aerospace market presented a substantial number of business opportunities, and for Exprivia in particular, numerous negotiations aimed at extending service contracts with our main customers took place in the last quarter of 2021.

The European Space Agency (ESA) is about to conclude the first round of tenders for the award of contracts for the management of Copernicus Space Component system operations with the publication of the call for tenders for the Copernicus Data Access Service (CSC Data Access Service). Moreover, Exprivia is expected to be granted a possible extension of another important service contract until the end of 2023.

In relation to EUMETSAT, the customer confirmed its appreciation for the quality and professionalism provided by Exprivia in assigning numerous integration and testing activities. This is expected to grow in the coming years along the same lines.

For national activities, we are in the process of finalising a collaboration agreement with a number of key customers in the area of contracts relating to maintaining the operational conditions of space missions.

The arrival of the NRRP, with its specific measures dedicated to Space, substantially changed the scenario. The management of the funds has been taken over by the Ministry of Digital Transition, which has signed an agreement with ESA, whereby ESA will use its procedures to manage Euro 1,780 million to strengthen Italian skills and capabilities in the development of application-oriented technologies and enhance Italy's competitiveness in the domains of Earth Observation, Space Transportation and In-Orbit Servicing. This agreement was confirmed by the ESA Council on 15 December. The funds will be spent in the period 2022 to 2026.

Manufacturing & Distribution

The Industry & Distribution market, heavily impacted in 2020 by the pandemic, recorded a robust recovery in 2021, already seen in the first three quarters.

The pandemic has made many companies realise the importance of digitalisation in supporting strategy to redesign business models and of the introduction of new forms of innovation and flexible automation in processes.

These dynamics, also supported by the national Transition plan 4.0, are accelerated and enabled by advanced technological environments, based on digital platforms and on Cloud, Advanced Analytics and IoT paradigms, in which industrial companies are increasingly investing, while maintaining the utmost attention to the correct valuation of the return of the investment.

Software vendor strategies have now converged towards a "hybrid" offer, which requires a review of business ICT architectures, and cloud solutions which simplify implementation processes and, as a result, the correlated services.

Revenues and margins in 2021 were up compared to 2020, especially in the application projects segment and the same trend is forecast for Q1 2022.

Commercial positioning is projecting growth on the main customers as well as the prospect of acquiring new ones, to support them in their transformation projects in the areas of ERP, SCM, Customer Experience, Analytics and migration of infrastructures to the cloud.

Transportation

The railway market continues to benefit from large investments. The flagship company, Gruppo Ferrovie dello Stato Italiane, dominates the sector and incorporates RFI, the company responsible for the overall management of the national rail network.

The Ferrovie dello Stato group, which is undergoing organisational changes, is expected to issue tenders that will characterise investments in technological innovation for the next five years.

The market is dominated by large Groups with aggregation dynamics (Big to Big - Big to Medium/Small) in constant development, especially linked to aspects of merger/transformation of operators in the sector.

The Company's positioning on the railway market sees consolidation in the areas of video communication, IT services and ICT SAP.

In the airport market, a trend of investments is expected in the next few years in the areas of technological innovation related to both Business and Operations.

The Company is currently active with application development services in the airport sector and system integration services for several products. In a proactive manner, we are working especially in the Security area to propose new solutions.

We are expanding our partnerships with strategic players, active in the airport market, for the proposition/participation in airport tenders.

The road transport market, regulated by tenders, is characterised by a constant internal need for greater efficiency of processes and infrastructure security, which impacts on the ICT, IoT and network infrastructure investments.

The Company is present through framework agreements for the provision of professional services and SW development of applications in the ICT area. We are working to increase demand for these services, in order to maximise the use of current framework agreements.

The ongoing activities are aimed at increasing customer loyalty, increasing turnover and expanding relationships on sectors not covered until now, such as infrastructures, IoT, Data Centre and IT security.

Healthcare

In 2021 the healthcare sector recorded a growth in digital demand, bringing its total value to around Euro 2 billion, and significant growth rates are also expected in the coming years. The digital transformation is driven by the NRRP and in particular by the provisions envisaged in mission six with the two components of local health and research and digitalisation.

The rethinking of healthcare on a local basis, the need for which has been underlined by the pandemic, envisages the design and reorganisation of the health system according to the logic of proximity, where places of care are organised according to levels of intensity. This reorganisation brings with it a high level of attention to Telemedicine for the reorganisation of health services, the application modernisation of both administrative and hospital information systems, the importance of integration and interoperability of systems, the strategic importance of data architecture and data strategy to make health data available and usable.

In recent years, Exprivia has managed to address a number of important Digital Transformation projects which have enabled it to expand its market scope and its order book, putting it in a position to be ready to seize the growth opportunities that the NRRP will offer the market. To this end, Exprivia is participating in all the initiatives of Consip and the Regional Commissioning Centres, as well as supporting the Administrations in defining the upcoming projects.

In this market context, Exprivia confirms significant growth in 2021 compared to 2020.

Public Sector

During 2021, the Public Sector maintained a positive trend in its spending. The digital expenditure of the Central Public Administration has grown significantly, exceeding a total value of more than Euro 2 billion. The expenditure of the Local Public Administration also registered a significant growth, exceeding the total value of Euro 1.5 billion.

One of the central elements in the development of Public Administration services is the adoption of the "Cloud First" strategy, which means that, when defining new projects and developing new services, they will have to primarily follow the Cloud paradigm.

Mission 1 of the NRRP ("Digitalisation, innovation, competitiveness, culture and tourism") places the digitalisation of the Public Administration among the main areas of action, with wide-ranging technological interventions that include, in addition to the issues already highlighted, the digitalisation of procedures/user interfaces (of citizens and businesses) and the most critical internal processes of the administrations, as well as the implementation of the country's cyber security perimeter. The total amount of funds earmarked for the digitalisation of the Public Administration is Euro 6.14 billion.

Within this context, Exprivia, thanks to its expertise, is implementing highly complex and large-scale projects, with significant competitive value and market penetration and, therefore, is putting itself in the running for capitalising on the opportunities that the NRRP will generate over the next few months; the territorial distribution of skills also ensures a level of flexibility that allows quick adjustments to the sudden evolution of the purchasing model depending on the highly variable regulatory framework.

The results of 2021 showed an improvement in revenues compared to 2020.

International business

The political, macroeconomic and financial issues, particularly felt in Latin America, continue to represent a brake on the development of the global ICT market and a slowdown factor for investments, especially in some countries. These elements result in strong volume and price pressure in the *Service Provider* market and a stagnant revenue trend. The "corporate" market however maintains its dynamism, primarily spurred by new technological drivers and new types of digital transformation solutions, although there has not actually been an appreciable rise everywhere in volumes yet.

The positioning on a primary customer in the energy market has become structural in all the countries where the customer operates (in particular Spain and Latin America) through participation in tenders (local and regional), for which the first awards were issued.

Spain: Spain's GDP grew in 2021; according to the National Statistical Institute, growth is expected to be 5%, lower than the +6.5% estimated by the government but higher than the OECD and IMF forecasts. In April, the government of Madrid presented its recovery, transformation and resilience plan to the European authorities. The government expects to receive Euro 69.5 billion in grants from the EU Next Generation, with around one third of the resources allocated to the green transition and another third to the digital one. Implementation concerns aside, the government expects these funds to increase investment in Spain by 2 percentage points in 2021-23.

Exprivia SLU, net of extraordinary items, improved its accounts compared to the results at 31 December 2020, forecasting an improvement in revenues and EBITDA, mainly due to the maintenance of contracts in the SAP area, and the start-up of projects in the Utilities and Telco areas.

Brazil: the Brazilian GDP grew by 5.3% in 2021, mainly impacted in the first part of the year by the effects related to the COVID-19 pandemic. The projections for 2022 expect a 2.5% growth, which is much lower than in other LATAM countries.

The year 2021 ended with a significant increase in turnover volumes thanks to the acquisition of significant orders with a leading customer in the Telco & Media sector. The action of the local management, renewed at the beginning of the year, was aimed at strengthening the company's commercial structure, while maintaining an economic and financial balance.

Despite the difficulties of the macroeconomic context highlighted for 2022, the company, on the strength of its consolidated relationship with leading companies in the Telco and Utilities sector, plans to expand its market offer (CRM, Big Data) to acquire new opportunities in the Industries sector.

China: in 2021, the country recorded a GDP growth of +8.1%, mainly concentrated in the first half of the year (last quarter +4%). For 2022, GDP is expected to grow by 4%.

Although the COVID-19 situation in China is not worrying in terms of the number of cases, the National Government still has restrictive policies in place that affect both foreigners entering the country and travel within the country. The energy shortage caused by the increase in prices and strict global environmental goals led to an initial blockade of many Chinese factories and thus entire supply chains in recent months, with impacts on the local economy and on short-term investments by companies in several strategic sectors.

Although the country outlook is not the best in the long term, foreign companies continue to have strong interest in investing in China. This is demonstrated by Exprivia's 2021 results and also by the good prospects for 2022. It will be crucial for Exprivia to consolidate the results achieved in 2021 on its current businesses, expand its offer and be able to play an increasingly convincing role as a technological partner for Italian and foreign companies in the area.

Mexico: in 2021, Mexico recorded an increase of +5.1% in GDP compared to 2020, only partially recovering the losses resulting from the impact of the Pandemic on the country's economy. GDP growth in 2022 is expected to be very moderate compared to global forecasts (+2.5%).

Despite this, the Exprivia Mexico branch made a significant change in the business offered to the market, moving from solutions based solely on SAP to the possibility of also offering solutions based on SalesForce technologies.

The prospects for 2022 look very positive, not least because of the important contracts acquired in recent years in Latin America.

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.

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 stored third-party data 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.

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 (Decree Law no. 23 of 08/04/2020 converted into 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, as well as the fixed-rate bond issued in 2017. Concerning variable-rate loan agreements taken out until 2016, of a more significant amount, the Group has interest rate swap agreements or cap agreements to hedge the risk of fluctuating interest rates. Subsequently, taking into account the significantly decreasing trend of the interest rate curve, the Company did not consider the Interest rate risk significant and therefore did not consider it necessary to enter into new derivative contracts to hedge these risks.

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. At the end of November 2020, Exprivia obtained a bank loan backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan, pursuant to the Liquidity Decree (Decree Law no. 23 of 08/04/2020 converted into Law no. 40 of 05/06/2020).

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 of business interruption due to COVID-19 coronavirus

The pandemic that broke out in Wuhan at the end of 2019 and its effects on health and economic risks, although it cannot be said to be over, is now being managed in a less emergency manner. At the time of preparing this report, a large part of the population in Italy and other countries is vaccinated, which makes the number of deaths much lower.

Exprivia, from the very first months of 2020, has closely followed the evolution of the situation and, in order to protect the safety of its employees, customers and suppliers, has immediately implemented a remote working policy that has brought almost the entire company population into this working mode starting already in March 2020.

The policy implemented has in fact proved to be successful, also thanks to the type of activities carried out by the Exprivia Group, which lends itself to remote work, and has allowed the Company to continue to carry out its activities for customers in safety and being able to guarantee continuous supervision. While delivery activities did not suffer any particular slowdown, commercial activities, especially in the industry and retail sectors, suffered slowdowns and, in some cases, blockages.

As of today, and therefore with more than two year's experience of the effects of the pandemic, we can state that the ICT market, in which the Exprivia Group operates, is one of the markets that was least affected by the effects of the spread of COVID-19 and that, in some cases, it has actually produced a specific induced demand that has seen an increase in revenues.

Exprivia has processes that support the identification, management and monitoring of events with potential significant impacts on the company's resources and business, with the aim of maximising the timeliness and effectiveness of the actions undertaken.

Material Events in 2021

On 1 January 2021, Exprivia informed that the Board of Directors of Italtel SpA, which met on 31 December 2020, resolved to accept the binding offer of PSC Partecipazioni SpA in support of a proposal for a composition with creditors.

On 17 March 2021, Exprivia announced that on 11 March 2021 the Court of Milan had declared open the procedure for composition with creditors according to the plan proposed by Italtel pursuant to and for the purposes of articles 160 et seq. and 186-bis of the Bankruptcy Law, considering that the composition proposal submitted by Italtel on 5 February 2021 may be suitable to ensure the restructuring of debts and the satisfaction of creditors. At the same time, the Court set the date for the summons of creditors before the presiding judge and the deadlines for the other tasks.

On 17 March 2021, the final hearing was held in the criminal trial against Exprivia Healthcare IT Srl (merged by incorporation into Exprivia in 2017), for the administrative liability of the Entities. The trial related to the termination of the contract with the Motor Vehicle Department of the Province of Trento was concluded with the acquittal of all parties, in particular, with the acquittal, requested by the Public Prosecutor itself, of the Legal Representative for not having committed the fact and with a judgement of exclusion from administrative liability pursuant to Legislative Decree 231/01 towards the company Exprivia Healthcare IT Srl.

On 30 April 2021, the Company communicated to the market the loss of control of the investee Italtel SpA pursuant to IFRS 10 with effect as from 31 December 2020.

On 7 June 2021, the Company has informed the market that the NFP/EBITDA parameter recorded on the basis of the draft financial statements at 31 December 2020 approved by the Board of Directors on 30 April 2021, relating to the Issuer Group, as defined in the Loan Regulation, was 1.9, lower than the limit of 3.0; for this reason, as required by art. 7 of the Loan Regulation, the annual interest rate for the period from 14 December 2020 to 14 December 2021 is reduced from 5.80% to 5.30%.

On 23 June 2021, the Ordinary Shareholders' Meeting of Exprivia approved the Separate Financial Statements at 31 December 2019 and the Separate Financial Statements at 31 December 2020 and also appointed the Board of Directors and the Board of Statutory Auditors, which will remain in office for three financial years until the approval of the financial statements at 31 December 2023.

On the proposal of the shareholder Abaco Innovazione SpA, the Shareholders elected as directors of the Company: Domenico Favuzzi (chairman), Dante Altomare, Angela Stefania Bergantino (independent), Marina Lalli (independent), Alessandro Laterza (independent), Valeria Anna Savelli, Giovanni Castellaneta.

At the same meeting, the new Board of Statutory Auditors was appointed, again on the proposal of the shareholder Abaco Innovazione SpA, with the following members: Dora Savino (chairwoman), Mauro Ferrante, Andrea Delfino and, as alternate members, Mariantonella Mazzeo and Vincenzo Ottaviano.

The Shareholders' Meeting also reviewed and approved the Directors' Reports on Corporate Governance and Ownership Structure for the years 2020 and 2019, respectively, the 2021 Report on the Remuneration Policy and on the remuneration paid in 2019-2020 and the Consolidated Non-Financial Statements, for the years 2020 and 2019, respectively, pursuant to Legislative Decree 254/16.

On **17 September 2021**, Exprivia followed up on the contract in place between itself and Simest, acquiring a 47.70% stake in the share capital of Exprivia do Brasil Serviços de Informatica Ltda, thus obtaining 100% of the share capital.

On **9 December 2021**, the Court of Milan approved the composition procedure presented by Italtel SpA pursuant to and for the purposes of articles 160 et seq. and 186-bis of the Bankruptcy Law, which is based on the option of indirect continuity by transferring the entire business to a third party as Assumptor, with immediate effect. Following the assumption, which will take place between March and April 2022, of all the liabilities against the takeover of all the assets of Italtel S.p.A, the legal entity Italtel S.p.A. will remain a company in discharge of debts, no longer operational, and the Assumptor will be the only subject required to fulfil the payments envisaged in the Plan, within the limits of the offer made to the creditors. The related and consequent steps necessary to complete the transfer of the entire business of Italtel SpA in favour of the Assumptor are currently in progress. Note that, as more fully reported in previous years' financial statements, there are no significant contingent liabilities and/or significant risk profiles that could emerge for Exprivia in relation to the investee company Italtel SpA, as Exprivia has never exercised management and coordination or provided sureties or guarantees in favour of Italtel SpA, as it has not assumed contractual or legal obligations, either implicit or explicit, and as there are no commercial relations or significant economic interests.

On **27 December 2021**, Exprivia sold a 0.1% stake in Quest.It, reducing its equity investment to below 25%.

Transactions within Exprivia Group

No transactions to report.

Events after 31 December 2021

On **17 February 2022**, Exprivia subscribed to the reserved capital increase of Euro 8,000 in the limited liability consortium company Urbanforce Scarl, acquiring a 28.57% stake. Urbanforce is a consortium company registered in the company register of Florence with tax code 07130110484 specialised in the Salesforce market.

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/Ordinary Shareholders' Meeting of 23-24 June 2021.

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/Ordinary Shareholders' Meeting of 23-24 June 2021.

Exprivia's Stock Market Performance

The Exprivia shares are currently listed on the MTA market of the Italian Stock Exchange. As of 28 September 2007 and until 8 July 2020, Exprivia shares were admitted to the STAR segment. On 8 July 2020, the Board of Directors resolved to request from Borsa Italiana the voluntary and temporary exclusion of the STAR qualification and the transition to the MTA for the Company's shares, pursuant to art. 2.5.7 of the Regulation of the Markets Organised and Managed by Borsa Italiana.

The share capital at 31 December 2021 consists of 51,883,958 shares with a nominal unit value of Euro 0.52.

ISIN Stock Exchange Code:	IT0001477402
Symbol:	XPR

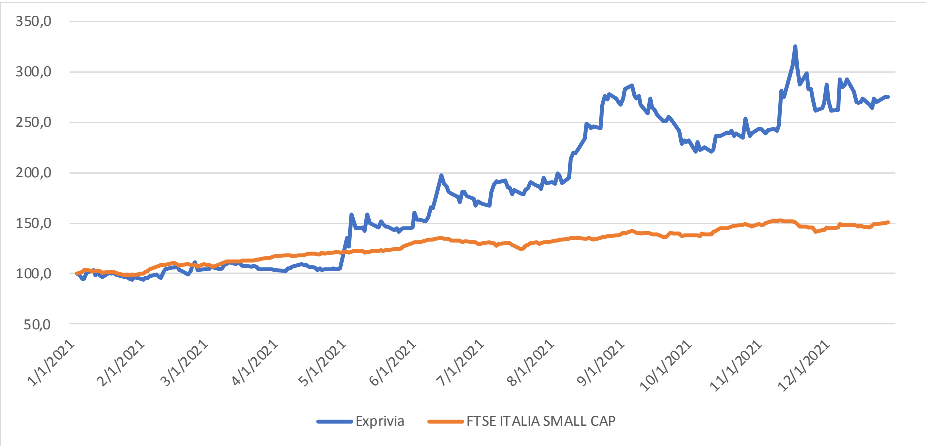
Composition of Shareholders

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 2021, the shareholder structure of Exprivia was as follows:

Azionisti	Azioni	Quote
Abaco Innovazione SpA	24.145.117	46,54%
Azioni proprie detenute	4.546.084	8,76%
Altri azionisti	23.192.757	44,70%
Totale azioni	**51.883.958**	**100,00%**

Stock Performance

The graph below compares the performance of the Exprivia share price with the FTSE Italia Small Cap index in December 2021 and with reference to the twelve months prior to this date.



Business Outlook

Despite the continuation of the pandemic and the events that have been the subject of changes in the Group, the financial statements at 31 December 2021 show significant growth in revenues, a significant increase in margins and a significant reduction in financial debt compared to the previous year. During the year, Exprivia reacted with extreme promptness to external and internal factors, managing to deal with events and achieving significant development. The results, despite the difficulties of the current macro-economic context, testify to the soundness of the Group's fundamentals, and guarantee the sustainability of the business in the long term, to the benefit of the creation of value for all our stakeholders.

The year 2021 was also characterised by pandemic episodes resulting from the spread of the Covid-19 virus, which is why Exprivia continued to operate with the operating model previously implemented, 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. The result is that the impact of the pandemic, as far as can be foreseen at present, will not have significant repercussions on the Exprivia Group and even less on its business continuity, which is therefore preserved.

In this context, thanks to a flexible organisational model and processes structured to operate on a multi-local basis, the execution of the activities on the various projects, at present, continues in line with the planning shared with the clients as well as the commercial activities in the different geographical areas in which the Group has identified target projects to be pursued.

However, 2022 brings a further element of concern related to the ongoing war between Russia and Ukraine; in the night of 23 and 24 February 2022, Russia officially launched a military invasion of Ukraine, which led many countries around the world to take non-military action against it.

As is well known, the European Union, as well as the United Kingdom and the United States of America, immediately imposed a series of very heavy economic sanctions, which aimed to hit Russia industrially, financially and socially.

Naturally, in the face of these measures, the Russian response was not long in coming; in particular, President Vladimir Putin drew up a list of hostile countries and signed a ban on imports and exports of finished products and raw materials to and from certain countries, which is still being defined.

The effects of the above measures generated a significant economic and social impact for both Russia and NATO countries.

In particular, in Russia there was an immediate collapse of the Ruble as well as a 17% increase in inflation in one week. For example, in Italy, there was an immediate increase in the price of raw materials as well as significant difficulties in the procurement of certain products from the Russian/Ukrainian market, which in the short term will lead to a decrease in the offer and therefore a physiological increase in prices.

Specifically, the Exprivia Group has no significant economic or commercial interests with belligerent countries.

Therefore, at the date of this report, the current war is not having significant effects or potential risks on the continuity of the companies of the Exprivia Group, nor is it having any impact on their operations.

It therefore continues, with the same determination as always, to pursue its objectives aimed at building a company that is increasingly solid and capable of responding to the challenges and opportunities of the immediate future, both in terms of the potential that our sector will be able to find in daily challenges and in the context, and in terms of a renewed operating model that will be based on an even greater use of smart working than in previous years.

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

In collaboration with the representatives of the various markets, new Research & Development projects were activated in the development lines related to Big Data, IOT, Industry 4.0 and Healthcare.

On 18 February 2021, the Apulia Region approved the admission to the financing of the "**Secure Safe Apulia" Programme Contract**, and in April the relevant executive project was submitted. The project involves an investment of approximately Euro 10 million and the creation of a new production unit (Cyber Physical Security Centre) dedicated to the provision of a new line of services in the field of cyber and physical security. The envisaged services are:

- **Detection** - monitoring and protecting against attacks, threats and incidents to IT and physical infrastructures; in particular, the techniques defined in the R&D project will be applied as an extension and specialisation of those used in the IT field;
- **Prevention** - through the census of assets and their modelling, processes for the prevention of incidents will be defined and implemented for critical assets (industrial plants, IT and other infrastructures, public interest service providers); these services include elements of physical (sensors) and organisational security as well as cyber, and methods and tools for Cyber Profiling, also exploiting cognitive and Threat Intelligence technologies;
- **Response** - definition and activation of intervention protocols, to be automated through process automation tools, among all the main security players - cyber security operators, defence forces and emergency services - in order to be able to activate and coordinate physical as well as cyber responses to incidents with impacts on critical infrastructures, the population and institutions.

The Ministry of Universities and Research approved the "**QUANCOM**" project proposal for financing. The extension of the IP network, the further development of its applications towards an increasingly inclusive society (see the emergence of the Internet of Things and the new generation of 5G wireless networks) and towards a new way of producing (see Industry 4.0 manufacturing) are increasingly conditioned by the level of security that can be guaranteed. Today, this security cannot be said to be "unconditional", i.e. unassailable in the face of any calculation capacity.
The **QUANCOM** project aims to radically overcome this problem by proposing the development and testing of unconditional network protection through quantum cryptography. It is, in fact, intrinsically safe and able to withstand any attack: it is based on the optical transmission of quantum bits and derived keys (Quantum Key Distribution - QKD).
With this project, Exprivia has the opportunity to investigate technologies for the development of intrinsically safe systems and applications - obviously attractive in sectors such as Defence, Finance and Aerospace - and to test them on a passive metropolitan optical network installed in a large city in southern Italy.

The "**TIAM**" project was accepted for financing following a successful tender issued by Meditech 4.0 (Apulo-Campano I4.0 competence centre). It is a project that aims to evolve Exprivia's skills and assets to support "Smart Maintenance" processes. There are already several solutions on the market that allow, in an industrial context, to put operators in the field in direct communication with remote experts using, among other things, the support of "Augmented Reality" to make the action of support more effective.
The "**TIAM**" project aims to further simplify the process by using "Artificial Intelligence" techniques for the automatic recognition of objects and the integration of support (via maps) to create a product not yet on the market.
The "**Insite**" project, which aims to launch a new range of research at Exprivia along the lines of the "Green New Deal" is at an advanced stage of evaluation. The project, presented in response to the 2020 tender of the "Ricerca di Sistema" (System Search) of RSE, aims, in fact, to create a system to optimise the use and consumption of energy, within a "Smart Grid" through the use of Machine Learning techniques both at the edge and in the cloud.
As required by IAS 38, par. 126, it is specified that the total amount of research and development expenses recognised in profit or loss during the year amounted to Euro 4,999 thousand.

Events and Sponsorships

The Exprivia Group is constantly committed to supporting corporate and business initiatives of national and international standing. In particular, during 2021, Exprivia supported several initiatives, broken down by area of interest and business sector, in line with the previous year due to the pandemic. This involved organising webinars using platforms such as Cisco Webex.

In the period September-December 2021, there was a shift to hybrid events (half digital and half in-person) due to a decrease in infections as a result of vaccine distribution. Unfortunately, the situation came to a halt towards the end of December due to the emergence of the Omicron variant of COVID, which led to an acceleration in the number of infections, albeit with much less serious manifestations than in the first wave in 2020.

Events by proponent	2021	2020	2019
Staff	71	49	107
Markets	40	38	68
Total	**111**	**87**	**175**

The chart shows that there were a good number of events promoted by the Staff area. Considering the period characterised by the pandemic, the staff, and especially the Communication Area, provided significant support to the various business areas, with the organisation of remote webinars.

Events by type	2021	2020	2019
Corporate Brand	58	37	94
Business	53	50	81
TOTAL	**111**	**87**	**175**

The chart shows a preference in 2021 for corporate brand initiatives aimed at conveying the brand to reinforce its visibility and prestige. The number of business initiatives for communicating the latest innovative solutions, skills and services to the market with the aim of increasing business in the reference sector and promoting ongoing partnerships was slightly lower.

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 events of local and national importance. Due to the pandemic, some initiatives have been converted to a digital or hybrid format. Exprivia remains the sponsor of initiatives aimed at developing the culture of agents and employees as well as the citizens in the areas in which it operates.

The following list shows the most significant cultural initiatives that the Group supported during 2021:

- Il Libro Possibile Festival, 07-10 July 2021, Polignano a Mare (BA);
- Conversazioni dal Mare, the open-air cultural topical event - 08-10 July 2021, Molfetta (BA);
- White Night of Poetry 2021 - 4-5 September 2021 - Molfetta and Giovinazzo (BA);
- Trani Dialogues, 16-19 September 2021 (20th edition) - Bari and surroundings;
- History Lessons, 10 October - 29 December 2021, Bari;

Management Training and Development

Digital innovation accelerates and animates increasingly tighter competition while the development of communication infrastructures and ICT investments fuel the development of digital transformation which becomes the protagonist of a growing market. Exprivia has supported these factors of profound change; digitalisation has made it necessary to have a more complex mix of skills and abilities in which technological skills are complementary to transversal skills. The Group considers its people a paramount asset for achieving business and offer-development objectives and therefore ensures the training and active involvement of people, facilitating teamwork and working conditions that protect people's psychological integrity and promote creativity and personal initiative. Placing people at the centre of the development plans means first and foremost protecting people’s rights and making sure that they can work in an environment that fosters the professional development. To achieve this, it is essential for Exprivia to adopt the principles of equality, meritocracy and equal opportunities and to promote individual diversity as an added value. In 2021, with the aim of assessing the levels of organisational well-being of our Human Capital, we sent a Climate Survey to the entire Exprivia population, obtaining feedback on the most important dimensions of people's well-being, namely: job involvement, team working and satisfaction with agile working methods. The survey found an average positive result (feedback: very, extremely and fairly) of about 89% for these dimensions. Moreover, a great deal of investments was made in smart working in 2021, reaching almost the entire company population. In 2021, we also launched a new social organisation project, through the adoption of Exprivia People, the agile and engaging platform created to connect us directly from our mobile phones, provided by the company HR Coffee. A solution designed to give everyone a voice, to strengthen our cohesion and to bond, not only with our colleagues, but also with the values of our company. It is a communication and sharing project based on the paradigms of a corporate social network. With Exprivia People, we can share our thoughts through posts, exchange opinions, enhance ideas and communicate in personalised groups. Exprivia People allows to create a team of people with high aspirations, who evolve and feel like sharing as a team. In particular, Exprivia People is responsible for the welcome aboard programmes, corporate press review, internal communication and live talks on innovative topics. The Company continued to invest in its career development model in 2021 through rolling application methods, transparent communication, planning professional and salary development steps, certainty and transparency with regard to career paths, generating the development of the best talents.

In terms of Training, Exprivia has always invested in the preparation of its resources; also in 2021 it had the objective of increasing, disseminating and updating technological expertise in line with the innovation trends of the digital market and transversal trends, through training on innovative technological areas and on management skills. Training delivered in 2021 totalled 33,346 hours (80 of which in foreign offices), involving 12,277 participants. The total number of hours of the courses was delivered almost entirely online.
Training is planned at the start of the year and is continuously updated to make training investments effective and consistent with business objectives and company strategies. One of the most significant initiatives for guaranteeing continuity and flexibility in the use of training, also for 2021, is the adoption by 373 users, of the Udemy training platform which, applied alongside traditional education, offers a constantly updated marketplace of over 100,000 courses and online videos. This initiative was appreciated by our staff, who made considerable use of it to improve their expertise, in a way closely and swiftly connected with requirements emerging during work activities.

In substance, the training programmes developed:

• TECHNICAL AND SPECIALISED SKILLS: activities aimed at increasing technical knowledge and skills to support innovation and technological development programmes, through specialised training activities also aimed at obtaining certification. These specialised interventions were fully disseminated, in the belief that working on skills means increasing the value of people and, therefore, the organisation's competitive advantage. A total of 15,408.00 training hours (of which 3,158 for the contact centre) and 8,546 participants (of which 6,769 for the contact centre) were overall provided.

• MANAGEMENT SKILLS: aimed at improving organisational conduct for the development of professional skills, project management and the development of conduct that contributes to determining a precise leadership style for handling working teams, in order to improve management effectiveness. A total of 8,367 hours were provided for 1,448 participants.

• LANGUAGE SKILLS: training activities were carried out to increase the staff's language skills, with particular attention paid to flexible training (e-learning, Skype lessons and phone lessons). A total of 188 hours were provided for 98 participants.

• COMPLIANCE: training activities mainly concerned the fundamental management processes of the Group's integrated Quality Management System (QMS). In order to achieve an increasing dissemination of skills related to some core processes of Exprivia's Integrated QMS (in addition to the 231 Model), we designed an e-learning training course on HCM that started in 2021 and will continue throughout 2022.

Overall, in the field of compliance, 1,387 hours of training were provided to a total of 661 participants.

With regard to the Recruiting & Talent Acquisition processes, in 2021, 239 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 109 resources, recruited to cover Contact Centre activities for a total of 348 resources recruited in Italy.
In foreign countries, 29 new graduates and qualified personnel were hired.
In total, between the Italian and foreign perimeter of the Group, total new recruits for the entire 2021 financial year is therefore 377.
From a Talent Acquisition viewpoint, as in the past, the Exprivia Group continued its active collaboration 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.

The 2021 projects focused on SAP ERP, Salesforce CRM, Medical Systems, Application Systems Methodologies and Architectures and, last but not least, Cyber Security. In this regard, the "Exprivia CyberSecurity Academy" is particularly active, with a rich and continuous offer of courses on the various areas of specialisation in the reference perimeter. A course that accompanies young people, with the support of specialists who are experts in the field, to achieve certifications as well; with the possibility of obtaining open badges to certify the skills acquired (Exprivia participates in the Open Badge 2.0 standard through myopenbadge.com);

• CoreAcademy - an ambitious project also started in 2021, created and co-financed by Exprivia, in collaboration with the University Federico II of Naples, and distinguished partners from the ICT world; it is a formula called "CoreAcademy - Conversion and Resilience", which focuses on the transformation of the institutional and economic systems that will be taken into consideration, in all their possible forms, with a view to building human capital and solutions capable of stimulating a "transformative resilience of the economic system", through the provision of training/project courses, based on innovative teaching and the activation of challenge laboratories for innovation. In the first edition, which started in 2021, we will deal with health and sociomedical services; the course is developed in four modules of about four hundred hours of lessons with alternation of frontal teaching, laboratories and teamworks;

• Collaboration with the ITS system.

ITSs are schools with high technological specialisation, created according to the organisational model of the Foundation, with the collaboration of companies, universities/scientific and technological research centres, local authorities, education and training system, with a view to lifelong learning, favouring experiential teaching. ITSs are the expression of a strategy that combines education, training and employment policies with the country's business policies, through a training offer capable of promoting skills that enable the use of advanced technological and organisational innovation tools, primarily related to the national business plan Impresa 4.0.

As part of the Technology Area 6 "Information and Communication Technology", the Exprivia Group has embraced training projects, running from September 2018, related to the professional figure of reference "Senior Technician for methods and technologies for the development of software systems"' with the commitment to provide all the teaching, finally absorbing the entire class for the internship. The training courses last approximately 2 academic years, are aimed at graduates and lead to a qualification recognised at the 5th level of the European Qualifications System. They consist of more than 1,000 hours of classroom training (40% provided by High Schools and Universities and the remaining 60% by the Company) and approximately 700 hours of internships in the company.

During the year, Exprivia continued its close collaboration with the ITS Foundations, actively operating in courses started in Foggia, Lecce, Molfetta, Bari and Palermo, operating exclusively on its own in Molfetta, Foggia and Palermo, company standpoint, and in collaboration with other companies of the Apulia IT Production District in Lecce and Bari.

At the end of 2021, Exprivia employed 46 ITS graduates from the 2019-2021 courses. Interest and active participation in the ITS System, which has become one of the most significant assets of the Talent Acquisition programme, is therefore fully confirmed in 2021, as it is expected to be in the years to follow, strengthened thanks to increased collective awareness of and focus on this important new pillar of the education system, which is considered strategic and crucial for the development of the professional skills needed to promote the country's economic recovery.

Staff and Turnover

The table below shows the companies' workforce at 31 December 2021, compared with that at 31 December 2020 for Continuing Operations.

Specifically, the table shows the number of resources, of which around 20% are part-time (with various arrangements of contractual working hours):

Company	Employees		Average employees		Temporary workers		Average temporary workers	
	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021
Exprivia SpA	1,812	1,833	1,796	1,828	3	4	2	4
Exprivia Projects Srl	628	450	628	445	-	-	-	-
Advanced Computer Systems Srl Germany	7	8	7	8	-	-	-	-
Exprivia It Solutions Shanghai	14	17	14	15	1	1	2	1
Exprivia SLU (Spain)	33	28	34	30	4	4	2	5
Prosap SA de CV/Prosap Centramerica SA	11	16	14	13	-	-	-	-
Exprivia do Brasil Servicos de Informatica Ltda	27	35	26	29	1	15	1	6
Spegea Scarl	5	6	6	6	-	-	-	-
HR Coffee	6	6	6	6	-	-	-	-
Total	**2,543**	**2,399**	**2,531**	**2,380**	**9**	**24**	**7**	**16**
of which Management	44	40	46	41				
of which Middle management	208	241	206	234				

The number of resources, employees and temporary workers at 31 December 2021 was 2,423 (2,552 at 31 December 2020), with a decrease of 129, entirely attributable to the company Exprivia Projects that transferred its personnel from the Palermo office to the new supplier awarded the call centre contract, in terms of "social protection clause".

The average number of resources, employees and temporary workers, referring to 2021 was 2,396 (2,538 for 2020) with a decrease of 142; the decrease is essentially due to the same reason as above.

Integrated Management System

The Company, since 2005, has developed an Integrated Management System (IMS) that meets the requirements of the ISO 9001, ISO 13485, ISO/IEC 20000-1, ISO/IEC 27001 and ISO 22301 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.

In 2020, Exprivia SpA extended the field of application of the ISO/IEC 27001 certification to the design, implementation and provision of cloud services in SaaS mode with the application of the ISO/IEC 27017 and ISO/IEC 27018 guidelines.

In 2021, the Company successfully underwent recertification/maintenance audits by certification bodies with regard to the standards for which it is certified, and in particular in November 2021 the recertification/maintenance audit was carried out with respect to the 2019 version of the ISO 22301 standard. As a result, the validity of the ISO 22301 certificate was extended for a further three years.

Organisation, Management and Control Model (pursuant to Italian Legislative Decree 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. None of its members are directors of 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.

On 21 December 2017, the Board of Directors approved version 3.0 of the General Part, Special Part A (Offences against the Public Administration) and Special Part B (Corporate Offences) as well as version 1.0 of Special Part F (Environmental Offences) and of Special Part G (Offences of employing foreigners without a regular visa). At the same meeting, the Board of Directors approved version 2.0 of the Code of Ethics. These versions were published and implemented in the company in 2018.

On 30 April 2021, the Board of Directors approved version 1.1 of Special Part D of Organisational Model 231 to monitor IT offences. The updated version was published and disseminated to the company in the days immediately following approval.

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 extension in 2021 of the Supervisory Board was confirmed without interruption until the new appointment, as detailed in the Report on Corporate Governance and Ownership Structures approved by the Board at the same time as this report.

In 2021, 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" (**http://www.exprivia.it/corporate-governance/corporate-information**).

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 and Control Department centrally manages all "Group" companies.

The Finance Department handles financial activities at "Group" level.

As from November 2021, responsibility for the Human Resources Department will be entrusted to a new Director, who will establish policies for the entire Group and monitor their implementation. The Internal Audit, Merger & Acquisition, Corporate Affairs and International Business Departments report to the Chairman.

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.

The majority of the Italian "Group" companies adhere to tax consolidation based on a specific regulation and a cash pooling relationship is in place between them.

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 2021 no significant transactions were completed (as defined by art. 4, paragraph 1, letter 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 2021 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 holding 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 "Holding 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 2021, the Company does not meet the conditions provided under art. 16 paragraph 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 holding company Abaco Innovazione SpA at 31 December 2021 compared to 31 December 2020 are laid out below.

Receivables

Non-current Financial Assets

Description	31/12/2021	31/12/2020	Variation
Non-current financial receivables from parent company	467	919	(452)
TOTAL	**467**	**919**	**(452)**

The balance at 31 December 2021 included Euro 467 thousand relating to the receivable for an unsecured loan with no guarantees taken out in 2016 by the holding 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.

Current Financial Assets

Description	31/12/2021	31/12/2020	Variation
Current financial receivables from parent company	468	463	5
TOTAL	**468**	**463**	**5**

The balance at 31 December 2021 of Euro 468 thousand is in relation to the current portion of the aforementioned loan, inclusive of interest income of Euro 32 thousand.

Trade Receivables

Description	31/12/2021	31/12/2020	Variation
Trade receivables from parent companies	40	33	7
TOTAL	**40**	**33**	**7**

The balance at 31 December 2021 amounted to Euro 40 thousand compared to Euro 33 thousand in December 2020, and refers to receivables for administrative and logistics services.

Revenues and Income

Description	31/12/2021	31/12/2020	Variation
Financial income from parent companies	32	41	(8)
TOTAL	**32**	**41**	**(8)**

The balance at 31 December 2021 refers primarily to interest accrued from Abaco Innovazione SpA on a loan disbursed by Exprivia.

Financial Income and Charges

Description	31/12/2021	31/12/2020	Variation
Costs of a financial nature from parent companies	400	400	0
TOTAL	**400**	**400**	**0**

The balance of Euro 400 thousand at 31 December 2021 refers to 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.

Consolidated Financial Statements of the Exprivia Group at 31 December 2021

Consolidated Financial Statements at 31 December 2021

Consolidated Balance Sheet

Amount in thousand Euro	Note	31/12/2021	31/12/2020
Property, plant and machinery	1	18,017	19,029
Goodwill	2	69,071	69,071
Other Intangible Assets	3	9,278	10,220
Shareholdings	4	841	554
Other non-current financial assets	5	659	1,250
Other non-current assets	6	736	468
Deferred tax assets	7	2,098	2,219
NON-CURRENT ASSETS		**100,700**	**102,811**
Trade receivables	8	53,360	50,319
Stock	9	942	1,064
Work in progress to order	10	22,559	23,437
Other Current Assets	11	9,785	10,207
Other Financial Assets	12	715	728
Cash and cash equivalents available	13	19,060	27,867
Other financial assets valued at FVOCI	14	2	205
CURRENT ASSETS		**106,423**	**113,827**
TOTAL ASSETS		**207,123**	**216,638**

Amount in thousand Euro	Note	31/12/2021	31/12/2020
Share capital	15	24,616	24,616
Share Premium Reserve	15	18,082	18,082
Revaluation reserve	15	2,907	2,907
Legal reserve	15	4,682	4,171
Other reserves	15	23,984	14,133
Profits (Losses) for the previous period	15	(10,470)	(165,775)
Profit (Loss) for the year	42	10,138	165,531
SHAREHOLDERS' EQUITY		**73,939**	**63,666**
Minority interest	15	50	29
GROUP SHAREHOLDERS' EQUITY		**73,889**	**63,637**
Non-current bond	16	9,156	13,673
Non-current bank debt	17	20,831	26,103
Other financial liabilities	18	3,984	4,085
Other non-current liabilities	19	396	934
Provision for risks and charges	20	195	410
Employee provisions	21	7,990	8,729
Deferred tax liabilities	22	1,595	1,467
NON CURRENT LIABILITIES		**44,147**	**55,401**
Current bond	23	4,551	4,536
Current bank debt	24	9,468	21,274
Trade payables	25	28,522	25,497
Advances payment on work in progress contracts	26	5,560	6,432
Other financial liabilities	27	2,265	3,989
Other current liabilities	28	38,671	35,841
CURRENT LIABILITIES		**89,037**	**97,569**
TOTAL LIABILITIES		**207,123**	**216,638**

Consolidated Income Statement

Amount in thousand Euro	Note	2021	2020
Revenues	29	176,476	161,607
Other income	30	5,250	6,204
PRODUCTION REVENUES		**181,726**	**167,811**
Costs of raw, subsid. & consumable mat. and goods	31	9,188	3,850
Salaries	32	108,212	105,144
Costs for services	33	35,835	35,981
Costs for leased assets	34	631	673
Sundry operating expenses	35	1,194	719
Change in inventories of raw materials and finished products	36	72	(446)
Provisions	37	2.015	503
TOTAL PRODUCTION COSTS		**157,147**	**146,424**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		**24,579**	**21,387**
Amortisation, depreciation and write-downs	38	6,431	6,378
OPERATIVE RESULT		**18,148**	**15,009**
Financial income and (charges) and other investments	39	(2,993)	(3,472)
PROFIT (LOSS) BEFORE TAXES		**15,155**	**11,537**
Income tax	40	5,017	2,905
PROFIT OR LOSS FOR THE YEAR DERIVING FROM ACTIVITIES IN OPERATION		**10,138**	**8,632**
PROFIT (LOSS) FOR THE YEAR DERIVING FROM DISCONTINUED ASSETS	**41**		156,899
PROFIT OR LOSS FOR THE YEAR	**42**	**10,138**	**165,531**
Attributable to:			
Shareholders of holding company		10,170	165,592
Minority interest		(32)	(61)
Earnings per share losses	43		
Basic earnings per share		0.2148	3.4904
Basic earnings diluted		0.2148	3.4904
Earnings (loss) per share - Continuing Operations			
Basic earnings per share		0.2148	0.1819
Basic earnings diluted		0.2148	0.1819

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Consolidated Statement of Comprehensive Income

Amount in thousand Euro			
Description	**Note**	**2021**	**2020**
Profit for the year	**42**	**10,138**	**165,531**
Other gains (losses) total will not subsequently be reclassified in profit (loss) for the year			
Profit (loss) Actuarial effect of IAS 19		113	(617)
Tax effect of changes		27	66
Total other comprehensive income (loss) will not subsequently be reclassified in profit (loss) for the year	**15**	**85**	**(551)**
Other gains (losses) total that will be subsequently reclassified to profit (loss) for the year			
Change in translation reserve		82	2,637
Profit (loss) on AFS classified financial assets		(1)	27
Profit (loss) on cash flow hedge derivatives		0	(482)
Total other comprehensive income (loss) that will subsequently be reclassified in profit (loss) for the year	**15**	**81**	**2,182**
NET COMPREHENSIVE INCOME FOR THE YEAR		**10,304**	**167,162**
attributable to:			
Group		10,334	167,222
Minority interest		(30)	(60)
TOTAL PROFIT (LOSS) FOR THE YEAR - CONTINUING OPERATIONS		**10,304**	**7,752**
attributable to:			
Group		10,334	7,813
Minority interest		(30)	(62)
TOTAL PROFIT (LOSS) FOR THE YEAR - DISCONTINUED OPERATIONS		**0**	**159,410**
attributable to:			
Group		0	159,410
Minority interest		0	-

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Statement of Changes in Consolidated Shareholders' Equity

Amount in thousand Euro	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Legal Reserve	Other Reserves	Profits (Losses) brought forward	Profit (Loss) for the period	Total Net Worth	Minority Interests	Total Group Net Worth
Balance at 31/12/2019	**26,980**	**(2,114)**	**18,082**	**2,907**	**4,171**	**37,054**	**6,998**	**(239,150)**	**(145,072)**	**(41,119)**	**(103,953)**
Allocation of previous year result	0						(239,150)	239,150	-	-	-
IAS effects 29						676			676	0	676
Other movements						(13)			(13)	0	(13)
Purchase of own shares		(250)				(45)			(295)		(295)
Change in the consolidation area of minority interests						(25,169)	66,377		41,208	41,208	0
Components of the overall result											
Total Profit (Loss) Total for the year								165,531	165,531	(59)	165,590
Effects deriving from the application of IAS 19						(551)			(551)	(1)	(550)
Conversion reserve						2,637			2,637	0	2,637
Profit (loss) on cash flow hedge derivatives						(482)			(482)	0	(482)
Profit (loss) on FVOCI financial assets						27			27	0	27
Total Comprehensive Profit (Loss) for the year									**167,162**	**(60)**	**167,222**
Balance at 31/12/2020	**26,980**	**(2,364)**	**18,082**	**2,907**	**4,171**	**14,134**	**(165,775)**	**165,531**	**63,666**	**29**	**63,637**
Allocation of previous year result					511	9,715	155,305	(165,531)	0	0	0
Other movements						(31)			(31)	51	(82)
Components of the overall result											
Profit (loss) for the year								10,138	10,138	(32)	10,170
Effects deriving from the application of IAS 19						85			85	2	83
Conversion reserve						82			82	0	82
Profit (loss) on FVOCI financial assets						(1)			(1)		(1)
Total Comprehensive Profit (Loss) for the year									**10,304**	**(30)**	**10,334**
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**

Consolidated Cash Flow Statement

Amount in thousand Euro	Note	2021		2020	
Financial statement	**44**				
Operating activities:					
Profit (loss) for the period		10,138	(1)	8,632	(1)
Amortisation, depreciation and provisions		8,775		6,361	
Provision for Severance Pay Fund		5,207		5,241	
Advances/Payments Severance Pay		(5,834)		(6,240)	
Adjustment of value of financial assets		9		0	
Cash flow generated (absorbed) from operating activities	**a**	**18,296**		**13,994**	
Cash flow generated (absorbed) by income management - Discontinued operations	**a1**	**0**		**1,086**	
Increase/Decrease in net working capital:					
Variation in stock and payments on account		28		(5,281)	
Variation in receivables to customers		(4,895)		(925)	
Variation in receivables to parent/subsidiary/associated company		(103)		1,203	
Variation in other accounts receivable		167		2,856	
Variation in payables to suppliers		3,135		1,648	
Variation in receivables to parent/subsidiary/associated company		(110)		(5,133)	
Variation in tax and social security liabilities		2,002		(608)	
Variation in other accounts payable		288		1,504	
Cash flow generated (absorbed) from current assets and liabilities	**b**	**512**		**(4,736)**	
Cash flow generated (absorbed) by current assets and liabilities - Discontinued operations	**b1**	**0**		**25,969**	
Cash flow generated (absorbed) from current activities	**a+b**	**18,808**		**9,258**	
Cash flow generated (absorbed) by operating activities - Discontinued operations	**a1+b1**	**0**		**27,055**	
Investment activities:					
Purchases of tangible fixed assets net of payments for sales		(893)		(2,865)	
Variation in intangible assets		(1,826)		(2,423)	
Variation in financial assets		(567)		251	
Net variation in other financial receivables		806	(2)	640	(2)
Liquidity acquired company				(27,866)	
Cash flow generated (absorbed) by investing activities - Continuing operations	**c**	**(2,480)**		**(32,263)**	
Cash flow generated (absorbed) by investing activities - Discontinued operations	**c1**	**0**		**(5,444)**	
Financial assets and liabilities					
Openings of new medium / long-term loans		2,143	(2)	30,348	(2)
Repayments of medium-long term loans		(13,250)	(2)	(15,714)	(2)
Net change in other financial payables including other current payables to banks		(14,064)	(2)	23	(2)
Changes in other non-current liabilities and use of risk provisions		(13)		(14)	
(Purchase) / Sale of own shares		0		(295)	
Change in equity		50		(640)	
Cash flow generated (absorbed) by financing activities - Continuing operations	**d**	**(25,134)**		**13,708**	
Cash flow generated (absorbed) by financing activities - Discontinued operations	**d1**	**0**		**(10,443)**	
Increase (decrease) in cash and cash equivalent	**a+a1+b+b1+c+c1+d+d1**	**(8,807)**		**1,871**	
Cash and cash equivalents at the beginning of the year		27,867		25,996	
Cash and cash equivalents at the end of the year		19,060		27,867	
(1) including taxes and interest paid in the period		6,856		1,296	

(2) The sum of the related amounts (-24,365 thousand of Euro at 31 December 2021 and 15,297 thousand of Euro at 31 December 2020) 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 Consolidated Financial Statements of the Exprivia Group at 31 December 2021

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.

LEGAL REFERENCES, PREPARATION POLICIES AND PRESENTATION

In application of European Regulation no. 1606/2002 of 19 July 2002 and 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 2021, 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 2021. 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 2021 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 are the same as those adopted in the Annual Report at 31 December 2020, with the exception of the presentation of the Italtel Group as discontinued operations pursuant to IFRS 5.

Accounting Policies and Valuation Criteria

General Information

The consolidated financial statements at 31 December 2021 were drafted in accordance with art. 154-ter of Legislative Decree 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 15 March 2022, 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 PricewaterhouseCoopers SpA pursuant to Legislative Decree 39/2010 and in execution of the Shareholders' Meeting resolution of 23 April 2014.

Drafting and Presentation Criteria

The accounting policies and valuation criteria are the same as those adopted to prepare the consolidated financial statements at 31 December 2020, except as noted below.

The valuation and measurement policies are based on the IFRS standards in effect at 31 December 2021 and approved by the European Union.

The following table shows the IFRS/Interpretations approved by the IASB, endorsed for adoption in Europe and applied for the first time during the year.

Title	Document Type	Issued Date	Effective Date	Standards	Endorsement date	Publication on G.U.C.E	Effective date for Exprivia
Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Amendment	August-20	01-Jan-21	IAS 39 , IFRS 9 , IFRS 7 , IFRS 4	13-gen-2021	14-Jan-21	01-Jan-21
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	Amendment	June-20	01-Jan-21	IFRS 17 , IFRS 4	15-dic-2020	16-Dec-20	01-Jan-21
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	Amendment	May-20	01-Jun-20	IFRS 16	9-ott-2020	12-Oct-20	01-Jun-20

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - phase 2" supplement those issued in 2019 and endorsed in January 2020. The amendments referring to phase 2 envisage a specific accounting treatment to spread over time the changes in the value of financial instruments or lease agreements due to the replacement of the reference index for the determination of interest rates. Phase 2 changes only apply to changes required by the reform to financial instruments and hedging transactions.
Impact assessment
The effects on the financial statements resulting from the adoption of this amendment mainly concern companies that have an exposure to interest rates, where:

i. interest rates depend on IBOR; and
ii. IBORs are the subject matter of an exchange rate reference reform.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendment to "IFRS 4 Insurance Contracts - deferral of IFRS 9" extended the expiry of the temporary exemption from the application of IFRS 9 until 2023 in order to align the date of entry into force of IFRS 9 with the new IFRS 17.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendment aims to neutralise the accounting effects of changes in lease payments (cancellation or reduction of lease payments) in compliance with agreements between parties in view of the negative effects of COVID-19. In the absence of such intervention by the Regulator, these changes would have resulted in the re-determination of the financial liability and the carrying amount of the asset consisting of the right of use, entailing a significant administrative burden.
The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification and requires lessees that apply the exemption to account for these concessions as if they were not lease modifications and therefore immediately in the income statement. The practical expedient applies to COVID-19 related rent concessions due by 30 June 2021 and does not affect lessors.

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

Following are the IFRS accounting standards, amendments and interpretations approved by the IASB and endorsed by the European Union, whose mandatory effective date is after 31 December 2021 and not adopted in advance by the Group:

Title	Document Type	Issued Date	Effective Date	Standards	Endorsement date	Publication on G.U.C.E	Effective date for Exprivia
Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16	Amendment	March-21	01-Apr-21	IFRS 16	30-ago-2021	31-Aug-21	01-Apr-21
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Amendment	February-21	01-Jan-23	Practice Statement 2 , IAS 1 , IFRS 8 , IAS 34 , IAS 26 , IFRS 7	2-mar-2022	03-Mar-22	01-Jan-23
Definition of Accounting Estimates (Amendments to IAS 8)	Amendment	February-21	01-Jan-23	IAS 8	2-mar-2022	03-Mar-22	01-Jan-23
Amendments to IFRS 17	Amendment	June-20	01-Jan-23	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 1, IAS 37, IAS 7, IAS 28, IFRS 5, IFRS 7	19-nov-2021	23-Nov-21	01-Jan-23
Annual Improvements to IFRS® Standards 2018–2020	Annual Improvements	May-20	01-Jan-22	IFRS 16 , IFRS 9 , IFRS 1 , IAS 41	28-giu-2021	02-Jul-21	01-Jan-22
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	Amendment	May-20	01-Jan-22	IAS 16	28-giu-2021	02-Jul-21	01-Jan-22
Reference to the Conceptual Framework (Amendments to IFRS 3)	Amendment	May-20	01-Jan-22	IFRS 3	28-giu-2021	02-Jul-21	01-Jan-22
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	Amendment	May-20	01-Jan-22	IAS 37	28-giu-2021	02-Jul-21	01-Jan-22

In March 2021, the IASB issued the document "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)", which extended by one year the period of application of the amendment to IFRS 16 issued in 2020 relating to the accounting of the facilities granted to lessees due to Covid 19. The amendments apply from 1 April 2021.

The amendments to IAS 1 and IAS 8 issued on 12 February 2021 are intended to improve disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies.

On 18 May 2017, the IASB issued IFRS 17– "Insurance Contracts", which is intended to replace 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 IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds. On 25 June 2020, the IASB issued the amendments to IFRS 17 "Amendments to IFRS 17" and to IFRS 4 "Extension of Temporary Exemption from Applying IFRS 9" relating to insurance activities, envisaging, inter alia, the deferral of two years of the entry into force of IFRS 17. Therefore, the provisions of IFRS 17, which supersede those currently envisaged by IFRS 4 "Insurance Contracts", are effective for years beginning on or after 1 January 2023.

The amendment to IAS 16 "Property, Plant and Equipment on Proceeds before Intended Use" clarifies the prohibition of deducting from the carrying amount of property, plant and equipment any proceeds from the sale of materials used during the period of production and commissioning of the asset itself. These revenues are recognised in the income statement when realised together with the related production costs. The amendment is effective for annual periods beginning on or after 1 January 2022.

The amendments made to IFRS 3 "Business Combinations" are aimed at:

• completing the updating of the references to the Conceptual Framework for Financial Reporting in the accounting standard;

• providing clarifications on the prerequisites for the recognition, at the acquisition date, of provisions, contingent liabilities and liabilities for taxes that are assumed as part of a business combination transaction;

• making it clear that the contingent assets cannot be recognised as part of a business combination.

The amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts- Cost of Fulfilling a Contract" specifically details which costs should be included when considering the obligation arising from entering into an onerous contract. The amendment provides for the application of a "directly related cost approach". The costs that refer directly to an agreement for the supply of goods or services include both the incremental costs and the costs directly attributed to the contractual activities. General and administrative expenses are not directly related to an agreement and are excluded unless they are explicitly recharged to the counterparty on the basis of the agreement.

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.

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.

Title	Document Type	Issued Date	Effective Date	Standards	Endorsement date	Publication on G.U.C.E
Initial Application of IFRS 17 and IFRS 9—Comparative Information	Amendment	December 2021	01-Jan-23	IFRS 17 , IFRS 9		
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Amendment	May-21	01-Jan-23	IFRS 1 , IAS 12		
Classification of Liabilities as Current or Non-current—Deferral of Effective Date (Amendment to IAS 1)	Amendment	July-20	01-Jan-23	IAS 1		
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Amendment	January-20	01-Jan-23	IAS 1		

In December 2021, the IASB published an amendment to the transitional provisions of IFRS 17 "*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*". The amendment provides insurance companies with an option to improve the relevance of the information to be provided to investors during the initial application of the new standard.

The amendment to IAS 12 "Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction" is intended to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for years beginning on or after 1 January 2023, with early application 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.

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 period, not including the profit or loss for the period. 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 2021 were as follows:

Exchange rate	12-month average as at 31 December 2021	Punctual as of December 31, 2021
Real brazilian	6.378	6.310
Dollar USA	1.183	1.133
Nuevo Sol peruviano	4.591	4.519
Dollaro Hong Kong	9.193	8.833
Renminbi -Yuan (Cina)	7.628	7.195
Mexican Peso	23.985	23.144
Guatemalan Quetzal	9.152	8.741

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 interest 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.

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 as 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 judgment 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.

COVID-19 and Possible Impacts on the Business as a Going Concern

As highlighted in the paragraph "Risks and uncertainties" and in the paragraph "Business outlook" of the Directors' Report, 2021 was also characterised by pandemic episodes resulting from the spread of the Covid-19 virus.

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. The result is that the impact, as far as can be foreseen at present, will not have significant repercussions on the Exprivia Group.

The management of the Exprivia Group has carefully assessed, also in view of Consob's warning no. 6/20 of 9 April 2020, the impact of the pandemic on the Exprivia's business, both through internal analyses and the study of external sources. 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 Exprivia Group operates not only did not suffer particularly from the pandemic situation but, in some cases, it was a catalyst for new commercial opportunities.

In compliance with the provisions of the document "European common enforcement priorities for 2020 annual financial reports", it should be noted that there are no significant impacts of the COVID-19 pandemic on non-financial matters or on the business continuity of the Exprivia Group.

With regard to the social impact and effects on workers, it should be noted that Exprivia and its subsidiaries promptly responded to the risk associated with Covid-19 through remote working. In fact, in just a few weeks, Exprivia managed to put almost all its staff into remote working, thus allowing it to continue working to support its customers and at the same time protect the health of its employees.

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 2020, except as indicated above.

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(5), Italian Legislative Decree 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 tangible asset, with a different useful life, is amortised 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.

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.

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".

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.

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 Group 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.

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. 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.

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.

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.

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.

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 for 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, liquid assets 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 Group grants its employees benefits under the Employee Severance Indemnity Fund (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.

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.

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 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.

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.

Revenues

Revenue recognition 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 revenue when the relative performance obligation is satisfied.

The revenue was 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. Revenue is 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 revenue is 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 revenue is 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 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.

Earnings (loss) per share

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

Foreign currency

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. Gains and losses on exchanges arising from liquidation related to these transactions and the conversion of monetary assets and liabilities into foreign currency are recognised in the income statement.

Financial risk management

The Exprivia Group is exposed to the following financial risks:

Interest Rate Risk

At the end of November 2020, the Parent Company obtained a bank loan backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan, pursuant to the Liquidity Decree (Decree Law no. 23 of 08/04/2020 converted into Law no. 40 of 05/06/2020) that 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, as well as the fixed-rate bond issued in 2017 to finance the purchase of the equity investment in Italtel SpA. Concerning variable-rate loan agreements taken out until 2016, the Group has interest rate swap agreements or cap agreements to hedge the risk of fluctuating interest rates. Subsequently, taking into account the significantly decreasing trend of the interest rate curve, the Company did not consider it necessary to enter into new derivative contracts to hedge this risk.

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.

At the end of November 2020, Exprivia obtained, pursuant to the Liquidity Decree (Decree Law no. 23 of 08/04/2020 converted into Law no. 40 of 05/06/2020, a bank loan backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan.

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.

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):

ACTIVITY 'FINANCIAL AT 31 DECEMBER 2021	Loans and receivables "amortized cost"	Investments valued at "fair value trought OCI (FVOCI)"	Investments valued at "fair value through PL (FVPL)"	Derivative financial instruments "financial assets valued at FV in the income statement"	Financial instruments available for sale "FVOCI"	Total
In thousands of Euro						
Non current assets						
Financial assets	659					659
Derivative financial instruments						0
Investments in associated companies			562			562
Investments in other companies		279				279
Other non-current assets	736					736
Total no current assets	**1,395**	**279**	**562**	-	-	**2,236**
Current assets						
Commercial credits	53,360					53,360
Other financial assets	715				2	717
Other current assets	9,785					9,785
Cash and cash equivalents	19,060					19,060
Total Current assets	**82,920**	-	-	-	**2**	**82,922**
TOTAL	**84,315**	**279**	**562**	**-**	**2**	**85,158**

LIABILITIES 'FINANCIAL AT 31 DECEMBER 2021	Loans and borrowings "amortized cost"	Investments held to maturity "amortized cost"		Derivative financial instruments "financial liabilities valued at FV in the income statement" (FVPL)	Financial instruments available for sale "FVOCI"	Total
In thousands of Euro						
Non Current liabilities						
Bond	9,156					9,156
Due to banks	20,831					20,831
Other financial liabilities	3,796					3,796
Hedging derivative financial instruments				188		188
Other non-current liabilities	396					396
Total Non Current liabilities	**34,179**	-		**188**	-	**34,367**
Current liabilities						
Current bond loans	4,551					4,551
Trade payables and advances	34,082					34,082
Other financial liabilities	2,265					2,265
Due to banks	9,468					9,468
Other current liabilities	38,671					38,671
Total Current liabilities	**89,037**	-	-	-	-	**89,037**
TOTAL	**123,216**	**-**	**-**	**188**	**-**	**123,404**

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 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	9,468	20,831	5,451	5,538	9,545	297
Bond	4,551	9,156	9,156	0	0	0
Lease financial liabilities	1,872	3,786	1,620	1,584	436	146
Other financial liabilities	392	199	189	0	0	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.

Scope of Consolidation

The consolidated financial statements at 31 December 2021 include the capital, economic and financial situations of the Parent Company Exprivia and subsidiaries.

The table below shows the companies under consolidation; the investments shown below are all controlled directly by the Parent Company Exprivia apart from the indirect subsidiaries ProSap Perù Sac, Sucursal Ecuador de Exprivia SLU, ProSAP Centroamerica SA and Exprivia IT Solution Shanghai.

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 Messico SA de CV	International Business
ProSAP Perù SAC	International Business
ProSAP Centroamerica S.A (Guatemala)	International Business
Sucursal Ecuador de Exprivia SLU	International Business
Spegea Scarl	Other

The main data at 31 December 2021 for the aforementioned subsidiaries, consolidated using the line-by-line method, are provided below:

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)	Euro	25,000	valori in migliaia di Euro	48	119	949	278	100.00%	Exprivia SpA
Consorzio Exprivia S.c.a.r.l	Milano	Euro	20,000	valori in migliaia di Euro	3	26	7	355	70.00% 25.00% 5.00%	Exprivia SpA Italtel SpA Exprivia Projects Srl
Exprivia ASIA Ltd	Hong Kong	Dollaro Hong Kong	2,937,850	valori in migliaia di Euro	29	(127)	-	823	100.00%	Exprivia SpA
Exprivia It Solutions (Shanghai) Ltd	Shanghai (Cina)	Renminbi	3,719,450	valori in migliaia di Euro	75	(56)	2,020	859	100.00%	Exprivia ASIA Ltd
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	Real	5,890,663	valori in migliaia di Euro	33	1,193	2,195	1,816	100.00%	Exprivia SpA
Exprivia Projects Srl	Roma	Euro	242,000	valori in migliaia di Euro	547	1,351	11,565	5,186	100.00%	Exprivia SpA
HRCOFFEE Srl	Molfetta (BA)	Euro	300,000	valori in migliaia di Euro	(109)	(152)	165	413	70.00% 30.00%	Exprivia SpA persone fisiche
Succursal Ecuador de Exprivia SLU	Quito (Ecuador)	USD	10,000	valori in migliaia di Euro	(9)	1	-	1	100.00%	Exprivia SLU
Spegea Scarl	Bari	Euro	125,000	valori in migliaia di Euro	21	281	926	1,903	60.00% 40.00%	Exprivia SpA Confindusria Bari
Exprivia SLU	Madrid (Spagna)	Euro	197,904	valori in migliaia di Euro	(2,653)	157	1,890	1,545	100.00%	Exprivia SpA
ProSap Centroamerica SA	Città del Guatemala (Guatemala)	Quetzal	5,000	valori in migliaia di Euro	(5)	180	-	566	98.00% 2.00%	Exprivia Messico SA de CV Exprivia SpA
Exprivia Messico SA de CV	Città del Messico (Messico)	Pesos messicani	41,208,999	valori in migliaia di Euro	39	1,432	630	2,562	2.00% 98.00%	Exprivia SLU Exprivia SpA
ProSap Perù SAC	Lima (Perù)	Nuevo Sol	706,091	valori in migliaia di Euro	1	15	-	32	100.00%	Exprivia SLU

The primary exchange rates used for conversion into Euro of the financial statements of foreign companies at 31 December 2021 were as follows:

Exchange rate	12-month average as at 31 December 2021	Punctual as of December 31, 2021
Real brazilian	6.378	6.310
Dollar USA	1.183	1.133
Nuevo Sol peruviano	4.591	4.519
Dollaro Hong Kong	9.193	8.833
Renminbi -Yuan (Cina)	7.628	7.195
Mexican Peso	23.985	23.144
Guatemalan Quetzal	9.152	8.741

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.

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 2021, 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 Exprivia Group.

As described in Note 41 "Profit (loss) for the period - Discontinued operations", the Italtel Group corresponding to the TLC operating segment was deconsolidated at the date of loss of control (31 December 2020) and classified as Discontinued operations pursuant to IFRS 5.

The following statement shows the restated financial standing, which highlights the structure of invested capital and funding resources for the IT operating segment at 31 December 2021 and 31 December 2020.

Reclassified Balance Sheet

amount in thousand Euro	IT			TLC			CONSOLIDATED		
	31.12.2021	31.12.2020	Variation	31.12.2021	31.12.2020	Variation	31.12.2021	31.12.2020	Variation
Property, plant and machinery	18,017	19,029	(1,013)			0	18,017	19,029	(1,014)
Goodwill	69,071	69,071	0			0	69,071	69,071	0
Other Intangible Assets	9,278	10,220	(942)			0	9,278	10,220	(942)
Shareholdings	841	554	286			0	841	554	286
Other non-current financial assets	736	468	268			0	736	468	268
Deferred tax assets	2,098	2,219	(121)			0	2,098	2,219	(121)
NON-CURRENT ASSETS	**100,040**	**101,561**	**(1,521)**	**0**	**0**	**0**	**100,040**	**101,561**	**(1,521)**
Trade recivables	53,360	50,319	3,040			0	53,360	50,319	3,041
Stock	942	1,064	(123)			0	942	1,064	(122)
Work in progress to order	22,559	23,437	(878)			0	22,559	23,437	(878)
Other Current Assets	9,785	10,207	(422)			0	9,785	10,207	(422)
CURRENT ASSETS	**86,645**	**85,027**	**1,617**	**0**	**0**	**0**	**86,645**	**85,027**	**1,619**
DISCONTINUED NON CURRENT ASSETS	**0**	**0**	**0**			**0**	**0**	**0**	**0**
Commercial debts	(28,522)	(25,497)	(3,025)			0	(28,522)	(25,497)	(3,025)
Advances on contract work in progress	(5,560)	(6,432)	873			0	(5,560)	(6,432)	873
Other current liabilities	(38,671)	(35,841)	(2,831)			0	(38,671)	(35,840)	(2,831)
CURRENT LIABILITIES	**(72,752)**	**(67,770)**	**(4,982)**	**0**	**0**	**0**	**(72,752)**	**(67,770)**	**(4,982)**
DISCONTINUED NON CURRENT LIABILITIES	**0**	**0**	**(0)**			**0**	**0**	**0**	**(0)**
NON-CURRENT FUNDS AND LIABILITIES	**(10,176)**	**(11,540)**	**1,364**			**0**	**(10,176)**	**(11,540)**	**1,364**
NET INVESTED CAPITAL	**103,757**	**107,278**	**(3,521)**	**0**	**0**	**0**	**103,757**	**107,279**	**(3,522)**
NET FINANCIAL DEBT	**29,819** 1)	**43,610**	**(13,791)**			**0**	**29,821**	**43,610**	**(13,789)**

1) The net financial debt indicated above differs from that reported in the notes to the financial statements due to the treasury shares held by the Parent Company, which are not shown in the table above.

The following table shows the reclassified income statement by operating segment at 31 December 2021 and 31 December 2020.

exprivia

Reclassified Income Statement

amount in thousand Euro	IT			TLC			CONSOLIDATED		
	31.12.2021	31.12.2020	Variation	31.12.2021	31.12.2020	Variation	31.12.2021	31.12.2020	Variation
Revenues	176,476	161,607	14,869			0	176,476	161,607	14,869
Other income	5,250	6,204	(954)			0	5,250	6,204	(954)
TOTAL REVENUES	**181,726**	**167,811**	**13,915**	**0**	**0**	**0**	**181,726**	**167,811**	**13,915**
Costs for consumables and finished products	(9,188)	(3,850)	(5,338)			0	(9,188)	(3,850)	(5,338)
Personnel costs	(108,212)	(105,144)	(3,068)			0	(108,212)	(105,144)	(3,068)
Costs for services	(35,835)	(35,981)	146			0	(35,835)	(35,981)	146
Costs for use of third-party assets	(631)	(673)	42			0	(631)	(673)	42
Different management charges	(1,194)	(719)	(475)			0	(1,194)	(719)	(475)
Change in inventories	(72)	446	(518)			0	(72)	446	(518)
Provisions and write-downs of current assets	(2,015)	(503)	(1,512)			0	(2,015)	(503)	(1,512)
TOTAL COSTS	**(157,147)**	**(146,424)**	**(10,723)**	**0**	**0**	**0**	**(157,147)**	**(146,424)**	**(10,723)**
EBITDA	**24,579**	**21,387**	**3,192**	**0**	**0**	**0**	**24,579**	**21,387**	**3,192**
Amortization and depreciation of non-current	(6,431)	(6,378)	(53)			0	(6,431)	(6,378)	(53)
EBIT	**18,148**	**15,009**	**3,138**	**0**	**0**	**0**	**18,148**	**15,009**	**3,138**
Financial income and (expense) from equity	(2,993)	(3,472)	479			0	(2,993)	(3,472)	479
RESULT ANTE TAXES	**15,155**	**11,537**	**3,618**	**0**	**0**	**0**	**15,155**	**11,537**	**3,618**
Taxes	(5,017)	(2,905)	(2,112)			0	(5,017)	(2,905)	(2,112)
PROFIT (LOSS) FOR THE YEAR - CONTINUING OPERATIONS	**10,138**	**8,632**	**1,506**	**0 0**	**0**	**0**	**10,138**	**8,632**	**1,506**
PROFIT (LOSS) FOR THE YEAR DERIVING FROM OPERATING ACTIVITIES	0	0	0	0	156,899	(156,899)	0	156,899	(156,899)
PROFIT (LOSS) FOR THE YEAR	**10,138**	**8,632 0**	**1,506**	**0**	**156,899 0**	**(156,899)**	**10,138**	**165,531 0**	**(155,393)**

As required by IFRS 8 (paragraphs 32-34) and IFRS 15 information regarding revenues by type of product and service is provided below based on each segment subject to disclosure:

Type of activity	31/12/2021	31/12/2020	Variation	%Variation
Revenues from consultancy and project development	152,011	140,788	11,223	7.97%
Maintenance	17,497	16,002	1,495	9.34%
Third party hardware and software	4,244	2,413	1,831	75.88%
Proprietary Licenses	1,937	1,792	145	8.09%
Other	786	612	174	28.43%
TOTAL	**176,476**	**161,607**	**14,869**	**9.20%**

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

Exprivia Group (values in k Euro)	31/12/2021	Incidence%	31/12/2020	Incidence%	Variations %
Private	136,906	77.6%	123,869	76.6%	10.5%
Public	39,570	22.4%	37,738	23.4%	4.9%
TOTAL	**176,476**		**161,607**		**9.20%**

Exprivia Group (values in k Euro)	31/12/2021	Incidence%	31/12/2020	Incidence%	Variations %
Italy	158,049	89.6%	150,277	93.0%	5.2%
Foreign	18,427	10.4%	11,330	7.0%	62.6%
TOTAL	**176,476**		**161,607**		**9.20%**

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

Note 1 – Property, Plant and Machinery

The net balance relating to the item "property, plant and machinery" amounted to Euro 18,017 thousand at 31 December 2021 compared to Euro 19,029 thousand at 31 December 2020.

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

Categories	Net value at 01/01/2021	Historical cost increases at 31/12/2021	Historical cost decreases as at 31/12/2021	Provision for the year	Depreciation for the year	Cum. prov. 31/12/2021	Net value at 31/12/2021
Land	1.278	-	-	-	-	-	1.278
Buildings	12.970	2.361	(3.724)	(1.302)	2.128	(14.804)	12.433
Plant and machinery	115	-	(266)	(0)	151	0	0
Others assets	4.666	2.403	(2.846)	(2.361)	2.444	(12.465)	4.306
TOTAL	**19.029**	**4.764**	**(6.836)**	**(3.663)**	**4.724**	**(27.269)**	**18.017**

The increase in the item "**buildings**", amounting to Euro 2,361 thousand is mainly attributable for Euro 2,335 thousand to the recognition of the right of use according to IFRS 16 of the lease contracts stipulated by the Parent Company for the offices of Via Valtorta 43 and 45, Milan.

The decrease in the item **"buildings"** is mainly attributable for Euro 1,590 thousand to the reduction of the right of use according to IFRS 16 due to the early termination of the lease agreement for the offices in Viale del Tintoretto, Rome and for Euro 319 thousand to the termination of the lease agreement held by Exprivia Projects Srl and related to the offices in Via Regione Siciliana, Palermo.

The decrease in the item "**plant and machinery**" of Euro 266 thousand is attributable to the sale of the assets of the Palermo offices, which closed on 28 February 2021 following the completion of the Enel contract.

The increase in the item "**other assets**", amounting to Euro 2,403 thousand, mainly related to the recognition of the right of use according to IFRS 16 of medium/long-term car rental contracts for Euro 1,294 thousand, and to the purchase of electronic office equipment and computers for the technological renewal of information systems for Euro 767 thousand. The decreases in the item "other assets" were mainly due for Euro 1,304 thousand to the termination of certain medium- and long-term car rental contracts, for Euro 978 thousand to the scrapping of PCs and electronic office equipment, fully depreciated, and for Euro 138 thousand to the sale of PCs and servers at the Palermo headquarters.

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

Please note that there is 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 exact fulfilment of obligations arising from the Euro 25 million loan taken out on 1 April 2016 from a pool of banks (for additional details, please see note 17).

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 01/01/2020	Increases at 31/12/2021	Decreases at 31/12/2021	Ammortization	Decreases in cumulated ammortization at 31/12/2021	Net value at 31/12/2021
Land and building	2,742	2,361	(3,193)	(773)	1,604	2,742
Furniture and furnishings	66	-	(3)	(32)	2	33
Cars	2,599	1,294	(1,304)	(1,070)	997	2,516
TOTAL	**5,407**	**3,655**	**(4,500)**	**(1,875)**	**2,603**	**5,291**

The amounts relating to leases recognised in the income statement in 2021, referring to continuing operations, are as follows:

Description	31/12/2021	31/12/2020	Variation
Use of third party assets	**(195)**	**(224)**	**29**
Short term leasing	(26)	0	(26)
Leasing of modest value	(169)	(224)	55
Depreciation and write-downs of non-current assets	**(1,875)**	**(2,289)**	**414**
Amortization of rights to use leased assets	(1,875)	(2,289)	414
Financial income (charges)	**(175)**	**(251)**	**76**
Interest expense for leased assets liabilities	(175)	(251)	76

For the sake of completeness, the table below shows the changes in 2020:

Categories	Net value at 01/01/2020	Historical cost increases at 31/12/2020	Historical cost decreases as at 31/12/2020	Depreciation for the year - Continuing operations	Depreciation for the year - Discontinued operations	Depreciation fund at 31/12/2020	Net change in the consolidation area	Net value at 31/12/2020
Land	1,605	-	-	-	-	-	(327)	1,278
Buildings	36,269	652	(1,357)	(1,678)	(3,710)	268	(17,475)	12,970
Plant and machinery	1,291	732	(58)	(45)	(302)	61	(1,564)	115
Industrial equipment	1,326	255	(3,666)	-	(619)	3,697	(993)	-
Others	6,813	4,210	(6,215)	(1,908)	(1,831)	6,015	(2,418)	4,666
Fixed assets in progress	0	64	(70)	-	-	-	6	-
TOTAL	**47,304**	**5,913**	**(11,366)**	**(3,631)**	**(6,462)**	**10,041**	**(22,770)**	**19,029**

Note 2 – Goodwill

The item "**goodwill**" amounted to Euro 69,071 thousand at 31 December 2021, unchanged from the figure at 31 December 2020.

Information on Impairment Tests performed on Goodwill

Scope

Accounting standard IAS 36 requires that impairment tests should be performed on tangible and intangible fixed 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 2021, 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 budget and the plans subject to approval of the Board of Directors on 15 March 2022.

Note that the economic and financial projections have taken into account the estimated effects of Covid-19, also in the light of the indications of ESMA, Bank of Italy, CONSOB and Isvap, as well as the guidelines and orientations contained in the most recent documents published following the COVID-19 pandemic. These effects are of insignificant impact, considering that the Group was not impacted in the least by the Covid-19 pandemic, as already noted in the Directors' Report, and that the specific future forecasts for the IT sector inferred from external sources show that the sector will not be negatively affected by the pandemic also in 2022.

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 1.96%, 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 six years, was positive.

The main assumptions underlying the 2022-2026 economic-financial forecasts are listed below:

- for 2022 the projections reflect budget data for the year;

- for 2023-2026, the projections reflect an annual compound average growth rate of Total Revenues of 5.5% (CAGR 2022-2026) and average profit margin of 13.7%.

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

Parametri	Italia	Brasile	Hong Kong	Spagna	Messico	Germania
Risk free rate	1,7%	1,9%	1,9%	0,9%	1,9%	0,0%
Equity Risk Premium	6,0%	9,8%	6,9%	6,0%	8,4%	6,0%
D/E	2,6%	2,6%	2,6%	2,6%	2,6%	2,6%
Beta unlevered	70,2%	70,2%	70,2%	70,2%	70,2%	70,2%
Beta levered	71,6%	71,4%	71,7%	71,5%	71,4%	71,4%
Risk Premium	4,3%	7,0%	4,9%	4,3%	6,0%	4,3%
Premio per il rischio addizionale	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
Costo del capitale proprio (Ke)	**7,9%**	**10,9%**	**8,8%**	**7,1%**	**9,9%**	**6,2%**
Risk free rate	1,7%	1,9%	1,9%	0,9%	1,9%	0,0%
Spread	1,7%	1,7%	1,7%	1,7%	1,7%	1,7%
Costo del debito (Kd Pre tax)	**3,4%**	**3,7%**	**3,7%**	**2,6%**	**3,7%**	**1,7%**
Aliquota IRES / IS	24,0%	34,0%	16,5%	25,0%	30,0%	30,0%
Costo del debito (Kd after Tax)	**2,6%**	**2,4%**	**3,1%**	**2,0%**	**2,6%**	**1,2%**
D/D+E	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%
E/D+E	97,5%	97,5%	97,5%	97,5%	97,5%	97,5%
WACC	**7,8%**	**10,7%**	**8,7%**	**7,0%**	**9,7%**	**6,1%**
Fattore di ponderazione (EBITDA per paese)	***97,12%***	***0,91%***	***0,63%***	***0,75%***	***0,29%***	***0,29%***
WACC Medio ponderato per Paese	**7,8%**					

Parametri	Italia	Brasile	Hong Kong	Spagna	Messico	Germania
G Rate (CPI di lungo termine per paese)	**1,40%**	**3,00%**	**2,50%**	**1,70%**	**3,00%**	**2,10%**
Fattore di ponderazione (EBITDA per paese)	*97,12%*	*0,91%*	*0,63%*	*0,75%*	*0,29%*	*0,29%*
G rate medio ponderato con EBITDA medio per paese	**1,40%**					

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 (1.4%) 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.

Note 3 – Other Intangible Assets

The item "**Other intangible assets**" amounted to Euro 9,278 thousand at 31 December 2021 (net of amortisation) compared to Euro 10,220 thousand at 31 December 2020.

The table below provides a summary of the item.

Categories	Net value at 01/01/2021	Increases at 31/12/2021	Decrease at 31/12/2021	Variation to consol. of cos	Depreciation rate of the year	Net value at 31/12/2021
Other intangible assets	2,098	167	(10)	0	(733)	1,522
Costs for capitalized internal projects	4,682	2,438	-	0	(2,035)	5,085
Assets under construction and Advances	3,440	620	(1,389)	0	-	2,671
TOTAL	**10,221**	**3,225**	**(1,399)**	**0**	**(2,768)**	**9,278**

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.

The changes relating to 2020 are shown below

Categories	Net value at 01/01/2020	Historical cost increases at 31/12/2020	Historical cost decreases as at 31/12/2020	Depreciation for the year - Continuing operations	Depreciation for the year - Discontinued operations	Depreciation fund at 31/12/2020	Net change in the consolidation area	Net value at 31/12/2020
Other intangible assets	2,261	676	(82)	(797)	-	40	-	2,099
Costs for capitalized internal projects	4,251	5,307	-	(1,950)	(488)	-	(2,439)	4,682
Patents and Intellectual Property Rights	-	719	32	-	(253)	-	(498)	-
Assets under construction and Advances	3,913	820	(1,121)	-	-	-	(171)	3,441
TOTAL	**10,425**	**7,522**	**(1,171)**	**(2,747)**	**(741)**	**40**	**(3,108)**	**10,220**

Note 4 – Equity Investments

The balance of the item "**equity investments**" at 31 December 2021 amounted to Euro 841 thousand compared to Euro 554 thousand at 31 December 2020.

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 2021 amounted to Euro 562 thousand compared to Euro 386 thousand at 31 December 2020 and referred to 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%.

The change of Euro 176 thousand mainly referred to the subscription by Exprivia SpA of the share capital increase of QuestIT Srl for Euro 125 thousand and to the decrease, for Euro 2 thousand, of 0.1% of the equity investment held by Exprivia in the same company. Note that the equity investment in QuestIT is measured using the equity method.

Equity Investments in Other Companies

The balance of the item "**equity investments in other companies**" at 31 December 2021 amounted to Euro 279 thousand compared to Euro 168 thousand at 31 December 2020.

The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Ultimo Miglio Sanitario	3	3	-
Certia	1	1	-
Software Engineering Research	12	12	-
Consorzio Biogene	3	3	-
Consorzio DARe	1	1	-
Consorzio DHITECH	17	17	-
H.BIO Puglia	12	12	-
Consorizio Italy Care	10	10	-
Consorzio DITNE	6	6	-
Distretto Tecnologico Aerospaziale Scarl	3	3	-
Partecipazione Consorzio Daisy-Net	14	14	-
Cattolica Popolare Soc. Cooperativa	23	23	-
Banca di Credito Cooperativo	0	0	-
Innoval Scarl	3	3	-
Partecipazione Consorzio SILAB-Daisy	7	7	-
ENFAPI CONFIND Partecipation	1	1	-
AREAMEDICAL24 S.R.L.	111	0	111
Partecipazione Consorzio GLOCAL ENABLER	2	2	-
Consorzio Campus Virtuale	0	0	-
Consorzio CLIO COM	0	0	-
Centro di Competenza ICT	0	0	-
MEDISDIH Scarl	2	2	-
Cefriel Scarl	32	32	-
Consorzio Semantic Valley	0	0	-
Consorzio Azimut	0	0	-
Banca di Credito Cooperativo di Roma	9	9	-
Consorzio Createc	7	7	-
TOTAL	**279**	**168**	**111**

The item "**Equity investments in other companies**" increased by Euro 111 thousand and is due to the purchase made by Exprivia, on 19 February 2021, of 12.2% of the share capital of the company "Areamedical24 S.r.l."

Note 5 – Other Non-Current Financial Assets

The balance of the item "**other non-current financial assets**" at 31 December 2021 amounted to Euro 659 thousand compared to Euro 1,250 thousand at 31 December 2020.

Details on the item in question are provided below:

Description	31/12/2021	31/12/2020	Variation
Non-current financial receivables from parent companies	467	919	(452)
Non-current financial receivables from others	192	331	(139)
Derivative financial instruments	0	0	0
TOTAL	**659**	**1,250**	**(591)**

Non-current financial receivables from parent companies

The balance of the item "**non-current financial receivables from parent companies**", amounting to Euro 467 thousand at 31 December 2021, compared to Euro 919 thousand at 31 December 2020, refers to the receivable due to the Parent Company Exprivia from its holding company Abaco Innovazione SpA related to the loan agreement stipulated by the parties in 2016. The loan, totalling Euro 2,985 thousand, was disbursed in the form of Euro 1,680 thousand in cash and Euro 1,305 thousand through the reclassification of receivables outstanding at 31 December 2015. The loan term has been established as 7 equal, deferred, annual instalments with increasing principal repayments. The sixth instalment maturing on 4 April 2022, amounting to Euro 452 thousand, was reclassified under item "other current financial assets" and increased by Euro 15 thousand for accrued interest.

Non-current financial receivables from others

The balance of the item "**non-current financial receivables from others**" at 31 December 2021 amounted to Euro 192 thousand compared to Euro 331 thousand at 31 December 2020.

This item refers to medium/long-term guarantee deposits of Euro 85 thousand and for Euro 96 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

At 31 December 2021, the balance of "**Derivative financial instruments**" amounted to Euro 0.02 thousand compared to Euro 0.05 thousand at 31 December 2020.

The derivative financial instruments are represented by instruments not listed on organised markets, subscribed for the purpose of hedging the interest rate risk. The fair value of these instruments was determined by an independent expert applying the Shifted Lognormal Model ("Displaced Diffusion Model") valuation model.

Following is the fair value of these derivative instruments at the reporting date:

Hedge Accounting	Operation date	Initial date	Expiry date	Value	Amount in Euro	Fair value in Euro
Interest Rate Cape- BNL	06/05/2016	30/06/2016	31/12/20222	EUR	753,846	8
Interest Rate Cape- BPM	11/05/2016	30/06/2016	30/12/2022	EUR	753,846	5
Interest Rate Cape- Unicredit	09/05/2016	30/06/2016	30/12/2022	EUR	753,846	8
TOTAL					**2,261,538**	**21**

With reference to the derivative instruments shown in the table above, it should be noted that Exprivia subscribed those financial instruments in order to neutralise the interest rate risk resulting from an underlying variable interest rate loan agreement (Euribor). These are cash flow hedges, measured at level 2 in the fair value hierarchy.

Changes in fair value, equal to Euro 0.03 thousand, relate to the time component and, therefore, were recognised in the income statement.

The sensitivity analysis conducted on the change in the fair value of derivatives after a shift of 1 percentage point in the yield curve highlights that:

- with a change of + 0.5% and + 1%, the fair value of the above derivatives would be equal to around Euro 129 and Euro 529, respectively;
- with a change of -0.5% and -1%, the fair value would be basically nil.

Note 6 – Other Non-Current Assets

The balance of the item "**Other non-current assets**" at 31 December 2021 amounted to Euro 736 thousand compared to Euro 468 thousand at 31 December 2020**.**

The table below provides details on the item in question with a comparison with the composition at 31 December 2020.

Description	31/12/2021	31/12/2020	Variation
Receivables from tax authorities	2	0	2
Receivables from tax authorities requested for reimbursement	53	54	(1)
Other receivables	681	414	267
TOTAL	**736**	**468**	**268**

"**Receivables from tax authorities requested for reimbursement**" amounting to Euro 53 thousand, compared to Euro 54 thousand at 31 December 2020, refer to the non-current portion of the receivable for the refund request related to the deductibility of IRAP calculated on personnel costs. Similarly, to previous years, this item includes receivables relating to refunds for the years 2009 to 2011, while those relating to 2007 and 2008 were included in the item **"Current tax receivables".**

"**Other receivables**", amounting to Euro 681 thousand compared to Euro 414 thousand at 31 December 2020 refer primarily, for Euro 677 thousand, to the suspension of costs pertaining to subsequent years.

Note 7 – Prepaid Taxes

The balance of the item "**Prepaid taxes**" amounted to Euro 2,098 thousand at 31 December 2021 compared to Euro 2,219 thousand at 31 December 2020, and refers to taxes on temporary deductible changes or future tax benefits.

	31/12/2021		31/12/2020	
Description	Amount temporary differ	Tax effect at 31/12/2021	Amount temporary differ	Tax effect at 31 December 2020
Depreciation	799	192	285	69
Allowance for doubtful accounts	1,922	471	2,172	521
Fund risks	1,305	367	1,262	355
Tax losses	760	506	282	562
Adjustments for IFRS	785	182	814	200
Others	1,467	380	2,275	512
TOTAL	**7,038**	**2,098**	**7,090**	**2,219**

The table below shows the changes in 2021:

Description	Value at 31/12/2020	Increases	Uses	Value at 31/12/2021
Depreciation	69	123	0	192
Allowance for doubtful accounts	564	0	(93)	471
Fund risks	355	108	(95)	367
Tax losses	525	5	(25)	505
Adjustments for IFRS	189	0	(6)	182
Others	518	251	(389)	380
TOTAL	**2,219**	**487**	**(609)**	**2,098**

CURRENT ASSETS

Note 8 – Trade Receivables

The balance of the item "**Trade receivables**" at 31 December 2021 amounted to Euro 53,360 thousand compared to Euro 50,319 thousand at 31 December 2020. The change is mainly attributable to the increase in turnover.

The balance of the item at 31 December 2021 and at 31 December 2020 can be broken down as follows:

Description	31/12/2021	31/12/2020	Variation
Trade receivables from customers	53,224	50,286	2,938
Trade receivables from associated companies	96	0	96
Trade receivables from parent companies	40	33	7
Total trade receivables	**53,360**	**50,319**	**3,041**

Trade receivables from customers

At 31 December 2021, the balance of "**Trade receivables from customers**" amounted to Euro 53,224 thousand (net of the bad debt provision) compared to Euro 50,286 thousand at 31 December 2020. The table below provides details on the item in question with a comparison with 31 December 2020.

Description	31/12/2021	31/12/2020	Variation
To Italian customers	42,423	36,720	5,703
To foreign customers	9,840	8,632	1,208
To public bodies	7,451	9,450	(1,999)
S-total receivables to customers	**59,715**	**54,802**	**4,913**
Less: provision for bad debts	(6,491)	(4,516)	(1,976)
Total receivables to customers	**53,224**	**50,286**	**2,937**

The change in gross trade receivables is related to the increase in turnover. The change in the bad debt provision refers for Euro 2,450 thousand to the write-down of trade receivables, considered no longer collectable, made by the Spanish subsidiary Exprivia SLU and for the difference of Euro +474 thousand to the use of the provision.

The table below shows the changes in 2021 relating to the bad debt provision:

Descrizione	31/12/2021
Opening balance as of 31 December 2020	4,516
Accruals	2,474
Decreases	(323)
Releases	(177)
Closing balance as of 31 December 2021	6,491

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

Details	31/12/2021	31/12/2020	Variation
To third parties	43,583	41,018	2,565
Invoices for issue to third parties	16,131	13,784	2,347
TOTAL	**59,715**	**54,802**	**4,913**

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.

Amount of receivables	in		days past due								Allowance for doubtful accounts	Credits net of the Found
	expire	due	1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	oltre		
43,583	30,101	13,482	972	1,349	338	178	341	471	766	9,067	(6,491)	37,092
100%	69%	31%	2%	3%	1%	0%	1%	1%	2%	21%		

Trade receivables from associated companies

The **"trade receivables from associated companies"** at 31 December 2021 amounted to Euro 96 thousand.

Trade receivables from parent companies

The balance of "**Trade receivables from parent companies**" at 31 December 2021 amounted to Euro 40 thousand compared to Euro 33 thousand at 31 December 2020 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.

Note 9 – Inventories

"**Inventories**" amounted to Euro 942 thousand at 31 December 2021 compared to Euro 1,064 thousand at 31 December 2020 and refer mainly to software and hardware purchased and destined to be sold in future periods.

The table below provides the detailed breakdown:

Description	31/12/2021	31/12/2020	Variation
Finished products and goods	942	1,064	(122)
TOTAL	**942**	**1,064**	**(122)**

"**Finished products and goods**", net of the inventory write-down provision, amounted to Euro 942 thousand at 31 December 2021 compared to Euro 1,064 thousand at 31 December 2020 and represent the value of hardware products and sundry equipment for resale in subsequent periods. At 31 December 2020, the item refers almost exclusively to Exprivia.

Note 10 – Work in Progress Contracts

At 31 December 2021, the item "**work in progress contracts**" amounted to Euro 22,559 thousand compared to Euro 23,437 thousand at 31 December 2020 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	31/12/2021	31/12/2020	Variation
Work in progress - WIP - Gross Amount	68,976	54,722	14,255
Advance Payment	(46,417)	(31,285)	(15,133)
Work in progress to order	**22,559**	**23,437**	**(878)**
Advance Payment (Gross Amount)	(53,867)	(36,361)	(17,506)
Work in progress	48,307	29,929	18,378
Advances payment on work in progress contracts	**(5,560)**	**(6,432)**	**872**

Note 11 – Other Current Assets

"**Other current assets**" amounted to Euro 9,785 thousand at 31 December 2021 compared to Euro 10,207 thousand at 31 December 2020.

Details are provided in the following table:

Description	31/12/2021	31/12/2020	Variation
Current tax receivables	2.292	2.093	199
Grants receivable	5	60	(55)
Credits for contributions	5.018	5.383	(365)
Sundry credits	795	603	192
Receivables from welfare institutions/INAIL	217	229	(12)
Receivables to employees	1	(0)	1
Costs in future years expertise	1.457	1.839	(382)
TOTAL	**9.785**	**10.207**	**(422)**

"**Current tax receivables**" amounted to Euro 2,292 thousand, compared to Euro 2,093 thousand at 31 December 2020; they were mainly tax credits for research & development, VAT and withholding taxes on foreign receipts.

The item "**Grants receivable**", amounting to Euro 5,018 thousand versus Euro 5,383 thousand at 31 December 2020, 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 2021 is almost entirely attributable to the Parent company Exprivia.

"**Receivables from welfare institutions/INAIL**", amounting to Euro 217 thousand compared to Euro 229 thousand at 31 December 2020, mainly refer to receivables from INPS for amounts advanced by Exprivia for salary integration (Euro 161 thousand) and receivables from INAIL for higher advances paid compared to the estimated payable for 2021 (Euro 51 thousand of Exprivia, Euro 5 thousand of Exprivia Projects Srl).

The item "**costs in future years expertise**" of Euro 1,457 thousand compared with Euro 1,839 thousand at 31 December 2020, refers to suspended costs pertaining to the following year.

Note 12 – Other Current Financial Assets

The balance of the item "**other current financial assets**" at 31 December 2021 amounted to Euro 715 thousand compared to Euro 728 thousand at 31 December 2020.

The following table provides details on the item as well as a comparison with 31 December 2020.

Description	31/12/2021	31/12/2020	Variation
Current financial receivables from others	247	265	(18)
Current financial receivables from parent companies	468	463	5
TOTAL	**715**	**728**	**(12)**

Current financial receivables from others

The balance of "**current financial receivables from others**" amounted to Euro 247 thousand at 31 December 2021 compared to Euro 265 thousand at 31 December 2020 and refers mainly to guarantee deposits for Euro 34 thousand and to Exprivia's time deposits for guarantee commitments towards banks for Euro 213 thousand.

Current financial receivables from parent companies

At 31 December 2021, the balance of "**current financial receivables from parent companies**" amounted to Euro 468 thousand compared to Euro 463 thousand at 31 December 2020 and related to the current portion of the Parent Company's financial receivable (principal and interest) due from the holding company Abaco Innovazione SpA.

Note 13 – Cash and Cash Equivalents

The item "cash and cash equivalents" amounted to Euro 19,060 thousand at 31 December 2021 compared to Euro 27,867 thousand at 31 December 2020 and refers to Euro 19,017 thousand held at banks and Euro 43 thousand in cheques and cash in hand. Additionally, the bank balance does not include, at 31 December 2021, 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 thousand at 31 December 2021, compared to Euro 205 thousand at 31 December 2020. 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 2021;

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

The decrease is due for Euro 201 thousand to the repayment, due to natural maturity on 30 December 2021, of the following financial instruments, entirely repaid:

200,562 "Banca Popolare di Bari 6.50% 2014/2021 subordinate Tier II" bonds of Euro 6.00 each, for a total of Euro 203 thousand at 31 December 2020.

SHAREHOLDERS' EQUITY

Note 15 – Share Capital

The "**Share Capital**", fully paid-up, amounted to Euro 24,616 thousand at 31 December 2021 and is unchanged from 31 December 2020; the share capital is represented by 51,883,958 ordinary shares with a par value of Euro 0.52 each for a total of Euro 26,980 thousand, net of 4,546,084 treasury shares held at 31 December 2020, with a nominal value of Euro 2,364 thousand.

Note 15 - Share Premium Reserve

At 31 December 2021, the "**Share premium reserve**" amounted to Euro 18,082 thousand and is the same as 31 December 2020.

Note 15 – Revaluation Reserve

At 31 December 2021, the "**Revaluation reserve**" amounted to Euro 2,907 thousand and is the same as 31 December 2020. 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 Decree Law no. 104 of 14 August 2020, art. 110, paragraph 8, by reference to paragraph 1 of art. 14 of Law no. 342/00.

Note 15 – Legal Reserve

The "**Legal reserve**" at 31 December 2021 amounted to Euro 4,682 thousand compared to Euro 4,171 thousand at 31 December 2020. The change is related to the allocation of Euro 511 thousand of the 2020 result as resolved by the shareholders' meeting on 23 June 2021.

Note 15 – Other Reserves

The balance of the item "**Other reserves**" at 31 December 2021 amounted to Euro 23,984 thousand compared to Euro 14,133 thousand at 31 December 2020. Changes in 2021 refer to:

- the positive effect of the allocation of the 2020 result for Euro 9,715 thousand;
- the positive effect of the change in the currency translation reserve for Euro 82 thousand;
- the positive 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 of Euro 85 thousand;
- the negative effect on the shareholders' equity deriving from the financial assets at FVOCI for Euro 1 thousand;
- other negative changes for Euro 31 thousand.

Note 15 – Profit/Loss from Previous Periods

The item "**Profit/loss from previous periods**" at 31 December 2021 was Euro (10,470) thousand compared to Euro (165,775) thousand at 31 December 2020. The change relates to the allocation of the result from the previous year, (the profit for 2020 was Euro 155,305 thousand).

Note 15 – Minority Shareholders' Interests

"**Minority Shareholders' Interests**" at 31 December 2021 were positive for Euro 50 thousand compared to Euro 29 thousand at 31 December 2020.

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 as at 31/12/2020	Shareholders ' equity as of 31/12/2020	Result as at 31/12/2021	Shareholders ' equity as of 31/12/2021
Exprivia SpA	**10,228**	**66,107**	**10,165**	**76,351**
Contribution of consolidated companies (PN and Result)	(1,188)	3,539	(1,937)	3,875
Elision of equity investments	253	(8,320)	1,851	(8,625)
Goodwill	0	2,280	0	2,280
Dividend elimination	(674)	0	0	0
Profit (loss) Discontinued Operations	156,899	0	0	0
Other consolidation adjustments	14	61	59	57
Third party equity	61	(29)	32	(50)
Total Group Equity	**165,592**	**63,637**	**10,170**	**73,889**

NON-CURRENT LIABILITIES

Note 16 – Non-Current Bond Issues

The balance at 31 December 2021 was Euro 9,156 thousand compared to Euro 13,673 thousand at 31 December 2020 and relates to the non-current portion of the bond issued entitled "Exprivia - 5.80% 2017 - 2023", which the Parent Company issued to finance the subscription by Exprivia of 81% of Italtel's share capital.

The unsecured bond is made up of 230 bearer securities with a par value of Euro 100,000.00 each, at a fixed rate of 5.8% per annum (which may be increased or decreased in relation to the value of the NFP/EBITDA financial covenant), with deferred six-month coupons reimbursed on par and a non-linear amortising repayment plan which envisages the repayment of 20% of the principal for each year as from 2020 and the remaining 40% in 2023.
The Bond Regulation envisages customary covenants in accordance with market practices for similar transactions.

The Bond was subscribed by the following parties:
1) 80 securities by Anthilia Capital Partners SGR SpA;
2) 65 securities by Banca Popolare di Bari S.c.p.a.;
3) 15 securities by Consultinvest Asset Management SGR SpA;
4) 10 securities by Confidi Systema! S.c.;
5) 60 securities by Mediobanca SGR SpA.

The securities have been placed in the centralised management system of Monte Titoli SpA and have been admitted for listing in the multilateral trading system managed by Borsa Italiana SpA, ExtraMOT market PRO segment reserved for professional investors.
The trading Admission Document and the Bond Regulation are available on the Company's website at the following address www.exprivia.it, "Corporate - Investor Relations - Exprivia Bond" section.
The Bond envisages the observance of the financial covenants relating to the NFP/SE and NFP/EBITDA ratios as listed below, for the entire duration:

Reference date	Net Financial Position/Shareholders' Equity	Net Financial Position/EBITDA
31.12.2021	≤ 1.0	≤ 4.0
31.12.2022	≤ 1.0	≤ 4.0

These financial covenants are calculated on a consolidated basis excluding Italtel and all of its direct or indirect subsidiaries, and refer to the 12 months prior to the reference date, using the normal calculation criteria agreed between the parties.

At 31 December 2021, the covenants had been met.

It should be noted that, on the Calculation Date of 31 December 2020 relating to the financial year 2020, the NFP/Ebitda Financial Covenant was lower than the limit of 3.6 set forth in art. 7 of the Loan Regulation, therefore the annual interest rate for the year 2021 decreased from 5.80% to 5.30%.

Note 17 – Non-Current Payables to Banks

At 31 December 2021, the balance of the item "**Non-current payables to banks**" amounted to Euro 20,831 thousand compared to Euro 26,103 thousand at 31 December 2020, 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 20,831 thousand) and the current portion (Euro 9,328 thousand) of the payable.

Financial Institute	Typology	Contract amount	Amount paid 31.12.2021	Date contract	Expiration date	Repayment installment	Rate applied	Residual capital 31.12.2021	To be repaid within 12 months	To be repaid over 12 months
Pool – Capofila Banca Nazionale del Lavoro	Financing	25,000	25,000	01/04/2016	31/12/2022	semi-annual	Euribor + 2.4%	3,817	3,817	
Pool – Capofila Banca Popolare di Puglia e Basilicata	Financing	20,000	20,000	27/11/2020	30/09/2026	quarterly	Euribor + 1.60%	19,719	1,113	18,606
Banca del Mezzogiorno Mediocredito Centrale	Financing	3,500	3,500	23/06/2017	23/06/2027	quarterly	Euribor + 2.75%	1,916	1,916	
Banca Popolare Puglia e Basilicata	Financing	2,000	2,000	24/03/2017	a revoca	single payment	2.07%	2,000	2,000	
Ministero dello Sviluppo Economico	Financing	863	863	14/09/2016	17/11/2025	annual	0.31%	414	100	314
Ministero dello Sviluppo Economico	Financing	929	594	16/02/2017	30/06/2026	half-yearly	0.80%	433	88	345
Ministero dello Sviluppo Economico	Financing	455	455	27/09/2019	30/06/2029	half-yearly	0.16%	399	47	352
Ministero dello Sviluppo Economico	Financing	504	504	05/02/2020	31/12/2029	half-yearly	0.17	469	51	418
Ministero dello Sviluppo Economico	Financing	336	336	14/10/2019	30/06/2029	half-yearly	0.16%	285	35	250
Ministero dello Sviluppo Economico	Financing	353	110	23/04/2021	31/12/2029	half-yearly	0.18%	104	12	92
Banca Monte dei Paschi di Siena	Financing	450	450	17/11/2020	31/10/2026	montly	Euribor + 1.90%	447	59	388
Bankinter	Financing	100	100	01/07/2020	01/07/2025	montly	2.8%	90	24	66
Bankinter	Financing	33	33	28/10/2021	28/01/2022	montly	1.75%	11	11	0
Bankinter	Financing	33	33	29/11/2021	28/02/2022	montly	1.75%	22	22	0
Bankinter	Financing	33	33	27/12/2021	27/03/2022	montly	2.25%	33	33	0
Totale								**30,159**	**9,328**	**20,831**

Medium-Term Loan Agreement

On 1 April 2016, Exprivia stipulated a medium-term loan for a total of Euro 25,000,000 with a pool of banks comprising BNL and Unicredit, also as lead bank and lead arranger, and Banca Popolare di Bari and Banca Popolare di Milano, consisting of a single cash credit line to be repaid by 31 December 2022, at an annual rate equal to the Euribor plus a 2.40% spread, to which one-off fees of 1.40% were also added when the agreement was executed.

The Loan is backed by ordinary guarantees typical of transactions of this type, including the guarantee issued by SACE SpA in the amount of Euro 6 million, in addition to guarantees issued by the Holding Company Abaco Innovazione SpA, described in more detail in the Disclosure Document prepared pursuant to art. 5, first paragraph, of the Consob Regulation, which was published on 8 April 2016 on the Company's website in the "Corporate - Corporate Governance - Corporate Information" section.

The Loan has the standard market conditions for loans of an equal amount and term, such as: representations and warranties, covenants (pari passu, negative pledge, etc.), limitations on significant extraordinary transactions (with the exception of inter-company transactions, which are exclusively allowed within the corporate scope applicable at 1 April 2016, and smaller transactions), the obligation to maintain adequate insurance coverage, compulsory and optional early repayment clauses, cross defaults, etc.

Lastly, the Loan also includes a limitation on the distribution of dividends, which cannot exceed 25% of the net profit.
The Loan also includes several financial covenants - Net financial debt/EBITDA, Net financial debt/Own funds, EBITDA/Net financial charges - which were amended further to the authorisation to acquire Italtel granted by the banks in the pool in July 2017, and which will be measured on a half-yearly basis, as well as limitations on total investments and the acquisition of treasury shares, as described in more detail in the table below:

Reference date	Net financial debt/EBITDA	Net financial debt/Own funds	EBITDA/Net financial charges	Investments
31.12.2021	≤ 4.0	≤ 1.0	≥ 4.0	≤ 6.0 ml
30.06.2022	≤ 4.0	≤ 1.0	≥ 4.0	≤ 6.0 ml

These financial covenants calculated on a consolidated basis must be communicated by 30 April and 30 September of each year and will refer to the previous 12 months respectively at 30 June and 31 December of each year, using the normal calculation criteria agreed between the parties.
The financial covenant "Investments" does not take account of any revaluations, of the acquisitions of equity investments exempt from authorisation or those subject to a specific written authorisation issued by banks.
At 31 December 2021, the remaining debt amounted to Euro 3,817 thousand to be repaid within twelve months (carried under current liabilities).
At 31 December 2021, the financial covenants had been met.

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 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, (Decree Law no. 23 of 8 April 2020 converted into 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; 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
31.12.2021	≤ 4.0	≤ 1.0
31.12.2022	≤ 2.7	≤ 0.7
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.
At 31 December 2021, the financial covenants had been met.
At 31 December 2021, the residual debt amounted to Euro 19,719 thousand, Euro 18,606 thousand of which is to be repaid in 2023-2026 (and recorded under current liabilities) and Euro 1,113 thousand to be repaid within the next twelve 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 + a 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 2021.
The residual debt at 31 December 2021 amounted to Euro 1,916 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 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

Loan agreement totalling Euro 863 thousand resolved in favour of Exprivia (formerly Exprivia Healthcare IT Srl), of which the full amount approved was disbursed at 31 December 2021. The purpose of the loan was to fund a research and development project pursuant to financial law 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%.

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 2021. 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%.

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%.

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 repayment in six-month instalments maturing on 30 June 2029 and bears a below-market fixed rate of interest of 0.16%.

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%.

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%.

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 Law 662/96.

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.

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amounts in thousands of Euro			
		31/12/2021	**31/12/2020**
A.	Cash	43	47
B.	Other liquid assets	19,017	27,820
C 1.	Securities held for trading	2	205
C 2.	Own shares	3,312	3,312
D	**Liquid (A)+(B)+(C)**	**22,374**	**31,384**
E.	**Current financial receivables**	**715**	**728**
F.	Current bank debts	(7,931)	(16,969)
G.	Current portion of non-current bank debts	(6,088)	(8,841)
H.	Other current financial debts	(2,265)	(3,989)
I.	**Current financial debts (F) + (G) + (H)**	**(16,284)**	**(29,799)**
J.	**Net current financial debts (I) + (E) + (D)**	**6,805**	**2,313**
K.	Non-current bank debts	(20,831)	(26,103)
L.	Bond	(9,156)	(13,673)
M.	Other non- current financial payables net of non-current financial recivables and derivate financial istruments	(3,325)	(2,835)
N.	**Non-current financial debts (K) + (L) + (M)**	**(33,312)**	**(42,611)**
O.	**Net financial debits (J) + (N)**	**(26,507)**	**(40,298)**

Treasury shares held by the Parent Company (Euro 3,312 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	31.12.2020		Cash flows		Non-monetary flows	31.12.2021	
Current financial receivables	728		(13)		0	715	
Current bank debts and current portion of non-current debt	(25,810)		11,791		0	(14,019)	
Other current financial payables	(3,989)		1,724		0	(2,265)	
Non-current bank debts	(26,103)		5,272		0	(20,831)	
Bonds issued	(13,673)		4,517		0	(9,156)	
Other non-current net financial payables	(2,835)		1,074		(1,564)	(3,325)	
Net liabilities deriving from financing activities	**(71,682)**		**24,365**	**(*)**	**(1,564)**	**(48,881)**	
Liquid assets	31,384	(**)	(9,009)	(***)	(1)	22,374	(**)
Net financial debt	**(40,298)**		**15,357**		**(1,565)**	**(26,507)**	

(*) 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
(**) 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"
(***) Cash flow of liquidity includes any changes due to the purchase of treasury shares not included in the Cash flow and equivalent means in the Cash Flow Statement

Note 18 – Other Non-Current Financial Liabilities

The balance of "**other non-current financial liabilities**" at 31 December 2021 amounted to Euro 3,984 thousand compared to Euro 4,085 thousand at 31 December 2020. The details are provided below:

Description	31/12/2021	31/12/2020	Variation
Non-current financial payables for leasing	3.786	4.060	(274)
Non-current payables to other lenders	10	10	-
Non-current derivative financial instruments	188	15	173
TOTAL	**3.984**	**4.085**	**(101)**

Non-current financial payables for leasing

The balance of "**non-current financial payables for leasing**" at 31 December 2021 came to Euro 3,786 thousand compared to Euro 4,060 thousand at 31 December 2020 and refers to the medium/long-term payment relating to contracts for leased assets.

Non-current payables to other lenders

The balance of "**non-current payables to other lenders**" at 31 December 2021 amounted to Euro 10 thousand, unchanged from 31 December 2020.

Non-current derivative financial instruments

The balance of **"non-current derivative financial instruments"** at 31 December 2021 is Euro 188 thousand compared with 15 thousand at 31 December 2020 and refers:

- for Euro 6 thousand to a derivative product subscribed by the Parent Company 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;
- for Euro 182 thousand 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.

The sensitivity analysis conducted on the change in the fair value of derivative of Euro 6 thousand after a shift of 1 percentage point in the spot interest rates curve highlights that:

- upon a change of +0.5% and +1%, the fair value would be a negative Euro 0.6 thousand and a positive Euro 4.6 thousand, respectively;
- upon a change of -0.5% and -1%, the fair value would be a negative Euro 11.3 thousand and Euro 16.7 thousand, respectively.

This is an instrument valued at fair value level 2.

Note 19 – Other Non-Current Liabilities

The balance of "**other non-current liabilities**" at 31 December 2021 amounted to Euro 397 thousand compared to Euro 934 thousand at 31 December 2020.

Description	31/12/2021	31/12/2020	Variation
Debts v / social security and social security institutions	0	7	(7)
Non-current tax liabilities	395	926	(531)
Debts to others	1	1	0
TOTAL	**396**	**934**	**(538)**

Payables to welfare and social security institutions

The balance of **"Payables to welfare and social security institutions"** at 31 December 2021 was completely zeroed compared to Euro 7 thousand at 31 December 2020 due to the reclassification of the payable from the non-current to the current portion for the instalments due in 2022.

Non-current tax payables

The balance of "**Non-current tax payables**" at 31 December 2021 amounted to Euro 397 thousand compared to Euro 926 thousand at 31 December 2020 and refers to the medium/long-term amounts of the tax payables instalment plans of the former ACS, merged into Exprivia.

The change compared to the previous year is attributable to the reclassification of the payable from the non-current portion to the current portion for instalments due in 2022.

Non-current tax payables derive exclusively from the amortisation plan of tax payment slips and tax demands divided into instalments.

Payables to others

The balance of "**Payables to others**" at 31 December 2021 amounted to Euro 1 thousand and did not change compared to 31 December 2020.

Note 20 – Provisions for Risks and Charges

At 31 December 2021, the item "**provision for risks and charges**" amounted to Euro 195 thousand compared to Euro 410 thousand at 31 December 2020. The breakdown of this item is shown in the table below:

Description	31/12/2021	31/12/2020	Variation
Provision for staff risks	97	94	3
Provision for other risks	98	316	(218)
TOTAL	**195**	**410**	**(215)**

Changes are reported below:

Description	31/12/2020	Uses / Payments	Other decreases	Provisions	31/12/2021
Provision for staff risks	94	(12)	(38)	53	97
Provision for other risks	316	0	(292)	74	98
TOTAL	**410**	**(12)**	**(330)**	**127**	**195**

"Provision for staff risks", amounting to Euro 97 thousand at 31 December 2021 compared to Euro 94 thousand at 31 December 2020, related to provisions for dispute risks with former employees.

"**Provision for other risks**" at 31 December 2021 mainly refers to future losses on contracts with customers. The change is mainly due to the release of the provision as a result of the conclusion of contracts with customers.

Note 21 – Employee Provisions

Employee severance indemnity fund

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 fund was Euro 7,990 thousand at 31 December 2021, compared to Euro 8,729 thousand at 31 December 2020. 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 2021:

Description	31/12/2021	31/12/2020
Opening balance at January 1	**8,729**	**9,383**
Movements through income statement:	53	96
- current service cost	24	27
- cost of services rendered for previous years	0	0
- interest expense / (income)	29	68
(Profit) actuarial losses	**(114)**	**275**
actuarial (gains) / losses deriving from changes in demographic assumptions	0	0
actuarial (gains) / losses deriving from changes in financial assumptions	(353)	313
- effect of adjustments based on past experience	240	(38)
Benefits paid	**(678)**	**(1,025)**
Closing balance at December 31 december	**7,990**	**8,729**

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

Description	31/12/2021	31/12/2020
Discount rate	0.98%	0.34%
Inflation rate	1.20%	1.00%
Annual rate of wage growth	2.70%	2.50%
Annual rate of TFR growth	2.40%	2.25%
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:

Sensitivity analysis					
Employee benefit provision - Employee severance indemnity as at 31 December 2021					
Discount rate		Inflation rate		Annual turnover rate	
+0,50%	-0.50%	+0,25%	-0.25%	+2,00%	-2.00%
7,674	8,327	8,084	7,898	7,917	8,067
Impact on post-employment benefits					
(316)	337	94	(93)	(73)	77

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)	602	1,029	1,025	6,382	9,037

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 worker (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 period, 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.

Note 22 – Deferred Tax Liabilities

The item "**Deferred tax liabilities**" amounted to Euro 1,595 thousand compared to Euro 1,467 thousand at 31 December 2020, and refers to allocations for temporary changes that will be reversed in subsequent years.

Description	31/12/2021		31/12/2020	
	Amount temporary differences	Tax effect	Amount temporary differences	Tax effect
TFR	(108)	(9)	(236)	(37)
Intangible assets	(1)	0	0	0
Goodwill	5,136	1,460	4,781	1,360
Buildings	382	105	382	105
Adjustments for IFRS	137	39	137	39
TOTAL	**5,546**	**1,595**	**5,066**	**1,467**

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:

	Valore al 31.12.2020	Incrementi	Utilizzi	Valore al 31.12.2021
Defined benefit plant	(37)	28	0	(9)
Goodwill	1,360	101	0	1,461
Buildings	105	0	0	105
Adjustments for IFRS	39	0	0	39
TOTAL	**1,467**	**130**	**(0)**	**1,595**

CURRENT LIABILITIES

Note 23 – Current Bond Issues

At 31 December 2021, "**Current bond issues**" amounted to Euro 4,551 thousand compared with Euro 4,536 thousand at 31 December 2020 and referred to the current portion of Exprivia's bond issue (see Note 16 for further details).

Note 24 – Current Payables to Banks

At 31 December 2021, the item "**current payables to banks**" amounted to Euro 9,468 thousand compared to Euro 21,274 thousand at 31 December 2020 and refers, for Euro 9,328 thousand, to the current portion of payables for loans and mortgages (previously described under the item "non-current payables to banks", note 17) and Euro 140 thousand refers to current account overdrafts at major credit institutions.

Note 25 – Trade Payables

"**Trade payables**" amounted to Euro 28,522 thousand compared to Euro 25,497 thousand at 31 December 2020. The breakdown is shown in the table below:

Description	31/12/2021	31/12/2020	Variation
Trade payables to suppliers	28,472	25,337	3,135
Trade payables to associated companies	50	160	(110)
TOTAL	**28,522**	**25,497**	**3,024**

Trade payables to suppliers

"**Trade payables to suppliers**" amounted to Euro 28,472 thousand compared to Euro 25,337 thousand at 31 December 2020.

The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Invoices received Italy	19,260	15,552	3,708
Invoices received foreing	1,924	1,925	(2)
Invoices to consultants	246	241	5
Invoices to be received	7,042	7,619	(577)
TOTAL	**28,472**	**25,337**	**3,134**

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

Importo fornitori	di cui		scaduto da giorni							
	a scadere	scaduto	1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	oltre
21.429	16.806	4.624	1.703	502	296	371	322	(27)	136	1.319
100,0%	78%	22%	8%	2%	1%	2%	2%	0%	1%	6%

Trade payables to associated companies

"**Trade payables to associate companies**" amounted to Euro 50 thousand compared to Euro 160 thousand at 31 December 2020 and refers to payables due by the Parent Company to its associate Quest.it Srl.

Note 26 – Advance Payments on Work in Progress Contracts

At 31 December 2021, the item "**Advance payments on work in progress contracts**" amounted to Euro 5,560 thousand compared with Euro 6,432 thousand at 31 December 2020 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 27 – Other Financial Liabilities

"**Other financial liabilities**" amounted to Euro 2,265 thousand at 31 December 2021 compared to Euro 3,989 thousand at 31 December 2020.

The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Payables for the purchase of investments	0	980	(980)
Current financial payables to others	422	970	(548)
Current financial payables for leasing	1,843	2,039	(196)
TOTAL	**2,265**	**3,989**	**(1,724)**

Current financial payables for the purchase of equity investments

The balance of "**current financial payables for the purchase of equity investments**" at 31 December 2021 was zeroed due to the payment made in 2021 for the purchase of the remaining 47.7% of the share capital of the subsidiary Exprivia do Brasil.

Current financial payables to others

The balance of the item "**current financial payables to others**" amounted to Euro 422 thousand compared to Euro 970 thousand at 31 December 2020. The decrease is mainly due to the decrease in financial advances of Exprivia.

Current payables to suppliers of leasing goods

The balance of the item "**current payables to suppliers of leasing goods**" at 31 December 2021 amounted to Euro 1,843 thousand compared to Euro 2,039 thousand at 31 December 2020 and refers to the current portion of the payable for lease agreements.

Note 28 – Other Current Liabilities

"**Other current liabilities**" amounted to Euro 38,671 thousand at 31 December 2021 compared to Euro 35,841 thousand at 31 December 2020.

The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Current payables to social security and social security institutions	8,215	7,673	542
Other tax payables	7,398	5,398	2,000
Personnel debts	17,785	14,462	3,323
Other debts	5,273	8,308	(3,035)
TOTAL	**38,671**	**35,841**	**2,830**

Current payables to welfare and social security institutions

The balance of the item "**Current payables to welfare and social security institutions**" at 31 December 2021 amounted to Euro 8,215 thousand compared to Euro 7,673 thousand at 31 December 2020. The change is mainly due to the increase in Exprivia's contributions on accrued liabilities for holidays of Exprivia.

Other tax payables

The balance of the item "**other tax payables"** at 31 December 2021 amounted to Euro 7,398 thousand compared to Euro 5,398 thousand at 31 December 2020. The change is mainly due to Exprivia's payables to tax authorities for VAT.

Payables related to staff

The balance of the item "**payables related to staff**" at 31 December 2021 amounted to Euro 17,785 thousand compared to Euro 14,462 thousand at 31 December 2020. 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 2021 amounted to Euro 5,273 thousand compared to Euro 8,308 thousand at 31 December 2020; it consists primarily of accrued expenses and deferred income of Euro 2,199 thousand, which includes pending revenues attributable to the subsequent year and advances on contributions for Euro 1,074 thousand.

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.

Note 29 – Revenues

Revenue from sales and services in 2021 amounted to Euro 176,476 thousand compared to Euro 161,607 thousand in the same period of 2020.

Type of activity	31/12/2021	31/12/2020	Variation	%Variation
Revenues from consultancy and project development	152,011	140,788	11,223	7.97%
Maintenance	17,497	16,002	1,495	9.34%
Third party hardware and software	4,244	2,413	1,831	75.88%
Proprietary Licenses	1,937	1,792	145	8.09%
Other	786	612	174	28.43%
TOTAL	**176,476**	**161,607**	**14,869**	**9.20%**

Note 30 – Other Income

Other income in 2021 amounted to Euro 5,250 thousand compared to Euro 6,204 thousand in the same period of 2021. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Other revenues and income	1,042	956	86
Grants related to income	2,537	3,174	(637)
Increase in capitalised expenses for intenal projects	1,671	2,074	(403)
TOTAL	**5,250**	**6,204**	**(957)**

Other revenues and income

"**Other revenues and income**" in 2021 amounted to Euro 1,042 thousand compared to Euro 956 thousand in 2020 and mainly refer to rents for Euro 128 thousand, capital gains for Euro 102 and long-term car rental charge-backs to employees for Euro 274 thousand.

Operating grants

In 2021 "**Operating grants**" amounted to Euro 2,537 thousand compared to Euro 3,174 thousand in 2020 and refer to grants and tax credits pertaining to the year or authorised in the period relating to funded research and development projects.

Increases in fixed assets for internal work

"**Increases in fixed assets for internal work**" amounted to Euro 1,671 thousand in 2021 compared to Euro 2,074 thousand in 2020 and refer to costs incurred in the year to develop products for the Banking & Finance, Healthcare, Aerospace & Defence.

Note 31– Costs for Sundry Consumables and Finished Products

The balance of the item "**costs for sundry consumables and finished products**" in 2021 amounted to Euro 9,188 thousand compared to Euro 3,850 thousand in the previous year. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Purchase of HW-SW products	8,994	3,555	5,439
Stationery and consumables	144	209	(65)
Fuel and oil	11	10	1
Other costs	38	76	(38)
TOTAL	**9,188**	**3,850**	**5,338**

The change in the item "purchase of HW-SW products" is attributable to the greater purchases of hardware and software products for resale.

Note 32 – Staff Costs

The balance of the item "**Staff costs**" totalled Euro 108,212 thousand in 2021 compared to Euro 105,144 thousand in 2020. The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Salaries and wages	79,538	76,778	2,760
Social charges	21,194	20,952	242
Severance Pay	5,207	5,241	(34)
Other staff costs	2,273	2,173	100
TOTAL	**108,212**	**105,144**	**3,068**

The number of employees at 31 December 2021 came to 2,423, of which 2,399 employees and 24 temporary workers, while at 31 December 2019, the number of employees was 2,552 workers, of which 2,543 employees and 9 temporary workers.

The average for 2021 was 2,367 employees and 16 temporary workers, while the average for 2020 was 2,531 employees and 7 temporary workers.

Note 33 – Costs for Services

The consolidated balance of the item "**costs for services**" amounted to Euro 35,835 thousand in 2021 compared to Euro 35,981 thousand in 2020. The table below provides details on the items:

Description	31/12/2021	31/12/2020	Variation
Technical and commercial consultancy	24,081	24,187	(106)
Administrative/company/legal consultancy	2,326	2,212	114
Auditors' fees	100	102	(2)
Travel and transfer expenses	441	535	(94)
Utilities	676	876	(199)
Advertising and agency expenses	471	314	157
Bank charges	275	445	(170)
HW and SW maintenance	4,766	4,986	(220)
Insurance	577	467	110
Other costs	2,122	1,857	265
TOTAL	**35,835**	**35,981**	**(145)**

The statement below is provided in accordance with art. 149-duodecies of CONSOB Issuers' Regulation to show amounts paid to the independent auditors in 2020 for audit services and for other services provided by PricewaterhouseCoopers SpA and other entities belonging to its network.

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

Type of services	Subject who provided the service	Recipient	Amount
Audit services	PricewaterhouseCoopers	Parent company	249
		Subsidiaries	18
Different audit services (*)	PricewaterhouseCoopers	Parent company	25
TOTAL			**292**

(*) Non-audit services provided in favour of the Parent Company refer to ISA 805 engagements for a total of Euro 10 thousand and to the audit of the statement of costs incurred by the Company for research and development in 2020 for Euro 15 thousand.

For the investee Italtel SpA, audit services for 2021 amounted to Euro 216 thousand and non-audit services amounted to Euro 14 thousand.

Note 34 – Costs for Leased Assets

The consolidated balance of the item "**costs for leased assets**" amounted to Euro 631 thousand in 2021 compared to Euro 673 thousand in 2020. The table below provides details on the items:

Description	31/12/2021	31/12/2020	Variation
Rental expenses	87	170	(83)
Car rental/leasing	26	-	26
Rental of other assets	169	224	(55)
Other costs	349	279	70
TOTAL	**631**	**673**	**(41)**

Note 35 – Sundry Operating Expenses

In 2021, the consolidated balance of the item "**sundry operating expenses**" amounted to Euro 1,196 thousand, compared to Euro 719 thousand in 2020. The table below provides details on these items.

Description	31/12/2021	31/12/2020	Variation
Annual subscriptions	153	104	49
Taxes	333	297	36
Penalties and fines	15	42	(26)
Charitable donations	28	19	9
Write-offs	278	4	274
Penalties and damages	0	0	0
Other sundry operating expenses	387	252	135
TOTAL	**1,194**	**719**	**477**

The item "**write-offs**" refers to the loss on receivables from customers in closed bankruptcy proceedings, related to the Parent Company, or for which the loss became certain during the year.

Note 36 – Changes in Inventories

In 2021, the balance of the item "**changes in inventories**" amounted to Euro 72 thousand compared to Euro -446 thousand in the previous year. It refers to changes in finished products and goods.

Note 37 – Provisions and Write-downs of Current Assets

The consolidated balance of the item "**provisions and write-downs of current assets**" amounted to Euro 2,015 thousand in 2021 compared to Euro 503 thousand in 2020.

The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Provision for bad debts provision	1,957	717	1,240
Provision for legal disputes with employees	15	25	(10)
Other provisions	43	(239)	282
TOTAL	**2,015**	**503**	**1,511**

The item "**bad debt provision**" is mainly attributable to the write-down of receivables due to the adjustment of the provision for receivables deemed uncollectible mainly attributable to the subsidiary Exprivia Slu.

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 to the release of the provision following the execution of contracts for which a risk provision for future loss-making contracts had been set forth.

Note 38 – 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 6,431 thousand in 2021 compared to a balance of Euro 6,378 thousand in 2020.

Amortisation and Depreciation

In 2021, "**Amortisation and depreciation**" amounted to Euro 6,431 thousand compared with Euro 6,378 thousand in 2020 and refers for Euro 2,768 thousand to amortisation of intangible fixed assets and for Euro 3,663 thousand to depreciation of tangible fixed assets. Details of the aforementioned items are provided in notes 1 and 3.

Write-downs

No write-downs of non-current assets were recognised in 2021.

Note 39 – Financial Income and (Charges) and Other Investments

The balance of the item "**financial income and (charges) and other investments**" amounted to a negative Euro 2,993 thousand in 2021 compared with a negative balance of Euro 3,472 thousand in 2020. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Proceeds from shareholdings from parents	32	41	(9)
Income from other investments	75	29	46
Other income other than the above	312	99	213
Interest and other financial charges	(3,111)	(3,111)	0
From parent charges	(400)	(401)	1
Profit and loss on currency exchange	99	(129)	228
TOTAL	**(2,993)**	**(3,472)**	**479**

Income from parent companies

The balance of the item **"income from parent companies**" amounted to Euro 32 thousand in 2021 compared to Euro 41 thousand in 2020 and refers to interest accrued from Abaco Innovazione SpA on a loan granted by Exprivia.

Income from equity investments from others

The balance of the item "**income from equity investments from others**" in 2021 amounted to Euro 75 thousand compared to Euro 29 thousand in 2020 and refers to dividends received from minority interests for Euro 22 thousand and for Euro 53 thousand to the valuation using the equity method of the investment Quest.it Srl, an associate of Exprivia.

Income other than the above

The balance of the item "**income other than the above**" stood at Euro 312 thousand in 2021 compared to Euro 99 thousand in 2020. The table below provides details on the item.

Description	31/12/2021	31/12/2020	Variation
Bank interest receivable	3	1	2
Interest income from securities	25	15	10
Other interest income	122	77	45
Rounding up of assets	162	6	156
TOTAL	**312**	**99**	**213**

The change in "**other interest income**" is mainly attributable, for Euro 150 thousand, to the income for the period related to a financial derivative incorporated in the Euro 20,000,000.00 loan agreement signed on 27 November 2020 by the Parent Company 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

The balance of the item "**interest and other financial charges**" in 2021 amounted to Euro 3,110 thousand unchanged compared to 2020. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Bank interest payable	35	420	(385)
Interest on loans and mortgages	1,561	1,655	(94)
Sundry interest	955	699	256
Charges on financial products and sundry items	519	271	248
Rounding up/down	10	4	6
Interest cost IAS 19	30	62	(32)
TOTAL	**3,110**	**3,111**	**0**

The item "**sundry interest**" includes financial charges related to factoring transactions.

The item "charges on financial products and sundry items" included the amount of Euro 332 thousand related to the financial derivative incorporated in the Euro 20,000,000.00 loan agreement taken out by the Parent Company 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.

Charges from parent companies

The balance of the item "**charges from parent companies**" amounted to Euro 400 thousand in 2021 and refers to the portion applicable to the year of charges recognised by Exprivia to the parent company Abaco Innovazione SpA for guarantees issued by the latter to its subsidiary.

Exchange gains/(losses)

In 2021, the item "**exchange gains**" amounted to Euro 99 thousand compared with charges on currency exchange of Euro 129 thousand in 2020 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.

Note 40 – Income Taxes

In 2021, "**Income taxes**" amounted to Euro 5,017 thousand compared to Euro 2,905 thousand in 2020; the table below provides details on the changes compared to the previous year:

Description	31/12/2021	31/12/2020	Variation
IRES	3,673	2,907	766
IRAP	1,242	697	545
Foreing tax	35	17	18
Taxes from prior years	(167)	(41)	(126)
Defered tax	101	(597)	698
Deferred tax assets	133	(78)	211
TOTAL	**5,017**	**2,905**	**2,112**

The Parent Company Exprivia 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.

Each company under Tax Consolidation contributes taxable income or tax loss to Exprivia, 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 Law no. 215 of 17 December 2021, as subsequently amended by Italian Law no. 234 of 30 December 2021.

Note 41 – Profit (Loss) for the Year - Discontinued Operations

As more fully described in the 2020 Annual Report, at 31 December 2020 this item included the results of discontinued operations, resulting from the deconsolidation of the Italtel Group at that date following the loss of control by Exprivia. The main economic and financial figures of discontinued operations are shown below, net of inter-company items.

amount in thousand Euro	Discontinued Operations	
	2021	2020
Revenues	0	246,294
Other income	0	10,144
TOTAL REVENUES	**0**	**256,438**
Costs for consumables and finished products	0	(104,512)
Personnel costs	0	(82,349)
Costs for services	0	(62,723)
Costs for the use of third party assets	0	(772)
Various management charges	0	(3,023)
Change in inventories	0	(1,830)
Provisions and write-downs of current assets	0	(1,299)
TOTAL COSTS	**0**	**(256,507)**
EBTIDA	**0**	**(70)**
Depreciation and write-downs of non-current assets	0	(7,131)
EBIT	**0**	**(7,201)**
Financial income and (expenses) and equity investments	0	(4,369)
PROFIT (LOSS) BEFORE TAXES	**0**	**(11,570)**
Income taxes	0	2,445
PROFIT (LOSS) FOR THE PERIOD	**0**	**(9,125)**
Attributable to:		
Shareholders of the Parent Company	0	(7,410)
Third parties	0	(1,714)
Income (charges) on equity investments	0	164,310
PROFIT (LOSS) FOR THE PERIOD - DISCONTINUED OPERATIONS	**0**	**156,899**
Attributable to:		
Shareholders of the Parent Company	0	156,899
Third parties	-	-

Details of the cash flows relating to discontinued operations, as already separately disclosed in the cash flow statement, are provided below.

	2021	2020
Cash flow generated (absorbed) by income management - Discontinued operations	0	1,086
Cash flow generated (absorbed) by current assets and liabilities - Discontinued operations	0	25,969
Cash flow generated (absorbed) by investing activities - Discontinued operations	0	(5,444)
Cash flow generated (absorbed) by financing activities - Discontinued operations	0	(10,443)

Note 42 – Profit (Loss) for the Year

The income statement closed, in 2021, with a consolidated profit, after tax, of Euro 10,138 thousand, compared to Euro 165,531 thousand in 2020, which benefited for Euro 156,899 thousand from the profit of discontinued operations, while the profit of continuing operations in 2020 was Euro 8,632 thousand.

Note 43 – Basic/Diluted Earnings (Loss)

Information on figures used to calculate earnings per share and diluted earnings is provided below in accordance with IAS 33.

Earnings (loss) 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 2021, the basic and diluted earnings per share amounted to Euro 0.2148.

Description	for the twelve months ended 31.12.2021
Profit / (loss) for the determination of the basic profit / (loss) per share (Net profit / (loss) attributable to the shareholders of the parent company)	10,168,341
Earnings / (Losses) for the determination of the basic earnings / (losses) per share	10,168,341
Number of shares	**31.12.2021**
Number of ordinary shares as of January 1, 2021	51,883,958
Treasury shares as at 31 December 2021	4,546,084
Average weighted number ordinary shares for calculation of basic profit	47,337,874
Earnings per share (Euro)	**for the twelve months ended 31.12.2021**
Profit (loss) per basic share	0.2148
Diluted earnings (loss) per share	0.2148

Note 44 – Information on the Cash Flow Statement

With regard to cash flows from income management were positive for Euro 18.3 million, the management of current assets and liabilities generated cash flows of Euro 0.5 million, cash flows deriving from investment activities absorbed cash of Euro 2.5 million while the cash flow of financing activities amounted to Euro 25.1 million.

Taxes paid during the year amounted to Euro 3.8 million while financial charges paid during the year amounted to Euro 3.1 million and financial income received amounted to Euro 0.02 million.

OTHER INFORMATION

Contributions and economic benefits received from public administrations

Pursuant to art. 1 paragraph 125 of 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 2021; the amounts are expressed in thousands of Euro.

Tipology	Financer	Project	Subsidized rate	Amount collected 31/12/2021
Lost Fund	MIUR	Active Adge @ Home		30
Lost Fund	MISE	Bigimaging		323
Lost Fund	MISE	Findustry		251
Lost Fund	Regione Lazio	Heal9000		40
Lost Fund	MISE	Instamed		288
Lost Fund	MIUR	SI-Robotics		73
Lost Fund	MIUR	Silab		1,272
Lost Fund	INPS	Decontribuzione Sud, sconto 30% sui contributi di cui al DL 104 Agosto 2020		1,004
Subsidized financing	MISE	FINDUSTRY4.0- Future Internet for Industry 4.0	0.18%	110
Total				**3,391**

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	31/12/2021	31/12/2020	Variazioni
Exprivia Slu	0	711	(711)
Exprivia Asia	0	209	(209)
TOTAL	**0**	**920**	**(920)**

Trade Receivables

Description	31/12/2021	31/12/2020	Variation
Consorzio Exprivia	150	615	(465)
Exprivia Messico SA de CV	47	16	31
Exprivia Projects Srl	500	581	(82)
Exprivia SLU	645	649	(4)
Exprivia Do Brasil	4	-	4
Spegea S. c. a.r.l.	90	54	36
ACS DE Gmbh	60	140	(80)
HR Coffee	7	12	(5)
Exprivia IT Solutons Shanghai	58	-	58
TOTAL	**1,559**	**2,067**	**(508)**

Work in Progress

Description	31/12/2021	31/12/2020	Variation
Spegea Scarl	2		2
Exprivia SLU	1		1
Consorzio Exprivia Scarl		860	(860)
Exprivia Messico Sa de CV	7		7
TOTAL	**10**	**860**	**(850)**

Other Current Receivables

Description	31/12/2021	31/12/2020	Variazioni
Receivables from Exprivia Projects for IRES from tax consolidation	122	63	59
Receivables from Exprivia Projects for VAT	221	-	221
Receivables from Spegea Scarl for IRES from tax consolidation		1	-
TOTAL	**343**	**64**	**280**

Current Financial Receivables

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	674	674	-
Gruppo ProSap	736	510	226
Exprivia Asya	914	682	231
Exprivia SI	16	932	(916)
TOTAL	**2,340**	**2,798**	**(458)**

Trade Payables

Description	31/12/2021	31/12/2020	Variation
Exprivia Messico SA de CV	0	1	(1)
Exprivia Projects Srl	153	841	(688)
Consorzio Exprivia Scarl	5		5
HR COFFEE Srl	70	0	70
Exprivia SLU	6	0	6
ACS GMBH	165	172	(7)
Spegea Scarl	44	56	(12)
Exprivia Do Brasil	3	3	-
TOTAL	**446**	**1,073**	**(627)**

Current Financial Payables

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	2,706	2,652	53
Spegea S.c. a r.l.	4	161	(157)
TOTAL	**2,710**	**2,813**	**(103)**

Other Current Payables

Description	31/12/2021	31/12/2020	Variation
Spegea S.c. a r.l. for consolidated IRES	2	-	2
Consorzio Exprivia Scarl for VAT	-	134	(133)
HR Coffee for consolidated IRES	123	89	35
TOTAL	**126**	**224**	**(96)**

exprivia

Trade Revenues

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	971	1,136	(165)
HR Coffee Srl	5	5	0
Spegea Scarl	49	22	27
Consorzio Exprivia Scarl	2,503	2,347	157
Exprivia Messico SA de CV	-	16	(16)
Gruppo Prosap	-	2	(2)
Exprivia Shanghai	58	-	58
TOTAL	**3,587**	**3,528**	**59**

Trade Costs

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	112	67	45
ACS GMBH	577	1,405	(829)
Exprivia Messico Sa de Cv	360	254	106
Exprivia SLU	668	517	151
Spegea Scarl	36	0	35
TOTAL	**1,752**	**2,244**	**(492)**

Revenues/Costs for Seconded Personnel

Description	31/12/2021	31/12/2020	Variazioni
Revenues from staff on secondment to Exprivia Projects Srl	(15)	(66)	51
Costs from staff on secondment to Exprivia Projects Srl	509	528	(19)
TOTAL	**494**	**462**	**32**

Income from equity investments in subsidiaries

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	-	674	(674)
TOTAL	-	**674**	**(674)**

Financial Income (interest income on loans)

Description	31/12/2021	31/12/2020	Variation
Exprivia Messico Sa de Cv	18	14	5
Exprivia SLU	58	33	25
Exprivia Asia Ltd	23	25	(2)
TOTAL	**99**	**72**	**27**

Financial Income (guarantees)

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	-	5	(5)
TOTAL	-	**5**	**(5)**

Financial Charges (cash pooling interest expense)

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	61	58	4
Spegea Scarl	1	5	(4)
TOTAL	**62**	**63**	**(1)**

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.

Non-Current Financial Receivables

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione_Non-current financial receivables from parent company	467	919	(452)
TOTAL	**467**	**919**	**(452)**

Current Financial Receivables

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione_Current financial receivables from parent company	468	463	5
TOTAL	**468**	**463**	**5**

Trade Receivables

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione_Trade receivables from parent companies	40	33	7
TOTAL	**40**	**33**	**7**

Financial Costs

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione_Costs of a financial nature from parent companies	400	400	0
TOTAL	**400**	**400**	**0**

Financial Income (interest income on loans)

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione_Financial income from parent companies	32	41	(8)
TOTAL	**32**	**41**	**(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	31/12/2021	31/12/2020	Variation
QUESTIT SRL	498	375	123
TOTAL	**498**	**375**	**123**

Trade Receivables

Description	31/12/2021	31/12/2020	Variation
QUESTIT SRL	96	46	50
TOTAL	**96**	**46**	**50**

Trade Payables

Description	31/12/2021	31/12/2020	Variation
QUESTIT SRL	50	160	(110)
TOTAL	**50**	**160**	**(110)**

Trade Costs

Description	31/12/2021	31/12/2020	Variation
QUESTIT SRL	130	101	29
TOTAL	**130**	**101**	**29**

Revenues

Description	31/12/2021	31/12/2020	Variation
QUESTIT SRL	149	-	149
TOTAL	**149**	-	**149**

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	31/12/2021	31/12/2020	Variiation
Giuseppe Laterza & Figli SpA	12	12	(0)
TOTAL	**12**	**12**	**(0)**

Trade Costs

Description	31/12/2021	31/12/2020	Variiation
Giuseppe Laterza & Figli SpA	22	22	(0)
TOTAL	**22**	**22**	**(0)**

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.

The values shown in the table are expressed in thousands of Euro.

Cariche	31/12/2021				31/12/2020			
	Fixed remuneration	Renuneration for participation in committees	Wages and payrolls	Other incentives	Fixed remuneration	Renuneration for participation in committees	Wages and payrolls	Other incentives
Administrators	428	79	665	302	404	75	637	135
Statutory Auditors	68	-	-	-	96	-	-	-
Strategic managers	-	-	312	81	-	-	239	28
TOTAL	**496**	**79**	**978**	**384**	**499**	**75**	**876**	**163**

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.

Contingent Liabilities

There are no contingent liabilities not recorded in the balance sheet.

Events after 31 December 2021

On **17 February 2022**, Exprivia subscribed to the reserved capital increase of Euro 8,000 in the limited liability consortium company Urbanforce Scarl, acquiring a 28.57% stake. Urbanforce is a consortium company registered in the company register of Florence with tax code 07130110484 specialised in the Salesforce market.

Molfetta, 15 March 2022

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 58/98

The undersigned Domenico Favuzzi, Chairman and CEO, and Valerio Stea, Executive manager responsible for preparing the corporate accounts of Exprivia, certify the following, taking into account the provisions of art. 154-bis (3, 4) of 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 2021.

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, 15 March 2022

Domenico Favuzzi	Valerio Stea
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 2021

Independent auditor's report

in accordance with article 14 of Legislative Decree N° 39 of 27 January 2010 and article 10 of Regulation (EU) N° 537/2014

To the shareholders of Exprivia SpA

Report on the Audit of 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 of 31 December 2021, the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 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 this report. We are independent of Exprivia SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of the recoverability of the carrying value of goodwill *"Note 2 – Goodwill" of the explanatory notes to the Consolidated Financial Statements as of 31 December 2021 of the Exprivia Group*	
The value of goodwill as of 31 December 2021 amounted to Euro 69 million, corresponding to about 33 per cent of total consolidated assets. The recoverability of the value of goodwill at 31 December 2021 was verified by the directors through the comparison between the carrying value of the IT Cash Generating Unit ("IT CGU") to which goodwill was allocated and the related value in use, identifiable as the present value of future cash flows that are expected to be generated from the IT CGU using the Discounted Cash Flow Model. The projected cash flows from operations for the explicit five-year period are based on budgets and plans submitted for approval by the Company's Board of Directors on 15 March 2022. The terminal value of the IT CGU was calculated as the present value of the perpetuity obtained by capitalising the cash flows generated in the last analytical forecast period at a long-term growth rate (G-rate) equal to the average of the expected long-term inflation rates for the main countries in which the IT CGU operates. The discount rate (WACC) as well as the long-term growth rate (g) were determined with the support of an independent expert. The Group also performed a sensitivity analysis on the basis of the changes in the discount rate, G-rate and Ebitda estimated in the projections, as well as	We conducted an understanding of the method adopted by the company management in preparing the impairment test and approved by the Company's Board of Directors on 15 March 2022. We verified that criteria for the identification of the CGU were in line with the Group's structure and, with reference to the future cash flows expected for the IT CGU, we verified that these agreed with data approved by the Company's Board of Directors. We analysed the main assumptions used in the preparation of the IT CGU forecast plans. We evaluated the reasonableness and consistency of the prospective data used by the Company with the provisions of IAS 36, the results reached in prior years and the external sources of information. Moreover, we verified the mathematical correctness of the main data included in the impairment test. We recalculated the discount and long-term growth rate on the basis of the expected inflation estimates. We reperformed from a mathematical point of view the sensitivity analyses prepared by the Company.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
the combined change in all three variables mentioned above. The impairment test did not reveal any impairment losses to be reflected in the consolidated financial statements as of 31 December 2021. The item "goodwill" was considered relevant to the audit work due to both the materiality of the amount and the complexity of the process of estimating its recoverable amount, as it is based on valuation assumptions and hypotheses influenced by economic and market conditions subject to uncertainties relating, in particular, to the determination of prospective cash flows and of the discount rate.	These activities were carried out also with the support of PwC network experts in valuation models. Finally, we considered the adequacy of the disclosures reported in the notes to the financial statements.

Responsibilities of the directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/05 and, in the terms prescribed by 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.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Exprivia SpA or to cease operations, or have 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 International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we 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;
- we 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;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we 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;
- we 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.
- we 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.

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

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

From the matters communicated with those charged with governance, we 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 these matters in our auditor's report.

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

On 23 April 2014, the shareholders of Exprivia SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2014 to 31 December 2022.

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

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Exprivia SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) N° 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree N° 39/10 and Article 123-bis, paragraph 4, of Legislative Decree N° 58/98

The directors of Exprivia SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Exprivia Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

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 the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree N° 58/98, with the consolidated financial statements of the Exprivia Group as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Exprivia Group as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree N° 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree N° 254 of 30 December 2016

The directors of Exprivia SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree N° 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree N° 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves by another auditor.

Naples, 31 March 2022

PricewaterhouseCoopers SpA

Signed by

Carmine Elio Casalini
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Statutory Auditors’ Report to the General Shareholders’ Meeting pursuant to art. 153 of Italian Legislative Decree 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

Board of Statutory Auditors'report to the Shareholders' Meeting

pursuant to art. 153 of Italian Legislative Decree 58/98 and art. 2429, paragraph 2, of the Italian Civil Code

Dear Shareholders,

This report, drawn up pursuant to art. 153 of Italian Legislative Decree no. 58/1998 (the Consolidated Finance Act, hereinafter also the "TUF") and art. 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 2021, 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 indications contained in the Corporate Governance Code of the Committee promoted by Borsa Italiana. Furthermore, having Exprivia adopted the traditional governance model, the 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 art. 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 2021 financial year, the Board of Statutory Auditors, in its current and previous composition, carried out the activities for which it was responsible, holding twenty-one meetings. Due to the persistence of the effects stemming from the Covid-19 pandemic, the Board of Statutory Auditors carried out most of its activities remotely, without noting any impacts on the effectiveness of its audit activities. In the same financial year, the Chair of the Board of Statutory Auditors or its current and previous members also attended at the Shareholders' Meeting held on 23 June 2021, twelve meetings of the Board of Directors, a meeting of the Control and Risks Committee, one meeting of the Appointments and Remuneration Committee, and three 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 consultation 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 transactions with related parties adopted by the Company.

During the 2021 financial year, the Board of Statutory Auditors, in its current and previous composition, met four times with the Supervisory Body, including jointly with the Risk Committee and the Integrated Internal Committee, to mutually exchange information.

The statutory audit assignment was entrusted, 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 PricewaterhouseCoopers S.p.A. (hereinafter "PwC" or the "Independent Auditors"), as resolved by the Shareholders' Meeting of 23 April 2014 for the nine-year period 2014-2022 with expiry of the mandate upon approval of the financial statements at 31 December 2022.

The Exprivia shares are currently listed on the MTA market of the Italian Stock Exchange (Borsa Italiana). Effective from 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 the MTA (electronic equity market) segment, therefore informing CONSOB of its re-inclusion under the definition of SME pursuant to art. 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 art. 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 European Regulation 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 represents as follows.

The Board of Statutory Auditors periodically obtained from the directors, through attendance at meetings of the Board of Directors and the internal board committees, 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 art. 150, paragraph 1, of the TUF, 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 Company statute 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 Company statute.

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 2021, 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 2021:

- On 1 January 2021, Exprivia informed the market that the Board of Directors of Italtel S.p.A., which met on 31 December 2020, had resolved to accept the binding offer of PSC Partecipazioni S.p.A. in support of a proposal for a composition with creditors.
- On 17 March 2021, Exprivia announced that on 11 March 2021 the Court of Milan had declared open the procedure for composition with creditors according to the plan proposed by Italtel pursuant to and for the purposes of articles 160 et seq. and 186-bis of the Bankruptcy Law, considering that the composition proposal submitted by Italtel S.p.A. on 5 February 2021 may be suitable to ensure the restructuring of debts and the satisfaction of creditors.
- On 30 April 2021, the Company communicated to the market the loss of control of the investee Italtel S.p.A. pursuant to IFRS 10 with effect as from 31 December 2020.
- On 7 June 2021, the Company informed the market that the NFP/EBITDA parameter recorded on the basis of the draft financial statements at 31 December 2020 approved by the Board of Directors on 30 April 2021, relating to the Issuer Group, as defined in the Loan Regulation, was 1.9, lower than the limit of 3.0; for this reason, as required by art. 7 of the Loan Regulation, the annual interest rate for the period from 14 December 2020 to 14 December 2021 was reduced from 5.80% to 5.30%.
- On 23 June 2021, the Ordinary Shareholders' Meeting of Exprivia approved the Separate Financial Statements at 31 December 2019 and the Separate Financial Statements at 31 December 2020 and also appointed the Board of Directors and the Board of Statutory Auditors, which will remain in office for three financial years until the approval of the financial statements at 31 December 2023.
- On 17 September 2021, Exprivia followed up on the contract in place between itself and Simest, acquiring a 47.70% stake in the share capital of Exprivia do Brasil Serviços de Informatica Ltda, thus obtaining 100% of the share capital.
- On 9 December 2021, the Court of Milan approved the composition procedure presented by Italtel S.p.A. pursuant to and for the purposes of articles 160 et seq. and 186-bis of the Bankruptcy Law, which is based on the option of indirect continuity by transferring the entire business to a third party as Assumptor, with immediate effect. Following the assumption, which will take place between March and April 2022, of all the liabilities against the takeover of all the assets of Italtel S.p.A, the legal entity Italtel S.p.A. will remain a company in discharge of debts, no longer operational, and the Assumptor will be the only subject required to fulfil the payments envisaged in the plan, within the limits of the offer made to the creditors. The related and consequent steps necessary to complete the transfer of the entire business of Italtel S.p.A. in favour of the Assumptor are currently in progress.
- On 27 December 2021, Exprivia sold a 0.1% stake in Quest.It, reducing its equity investment to below 25%.

Among the subsequent events that occurred after the close of the year, the Board of Statutory Auditors considers it appropriate to note that, on 17 February 2022, Exprivia subscribed to the reserved capital increase of Euro 8,000 in the limited liability consortium company Urbanforce Scarl, acquiring a 28.57% stake.

Among the significant facts illustrated in the explanatory notes to the separate and consolidated financial statements at 31 December 2021 and in the management report, the Board of Statutory Auditors considers it appropriate to highlight that:

- the directors have assessed, also in view of CONSOB's warning notice no. 6/20 of 9 April 2020, the impact of the pandemic on Exprivia's business, both through internal analyses and the study of external sources. With more than two years of experience in relation to the effects of the pandemic, the directors note that the ICT market in which the Exprivia Group operates not only did not suffer particularly from the pandemic situation but, in some cases, it was a catalyst for new commercial opportunities.
- The ongoing war between Russia and Ukraine is not having significant effects on or presenting potential risks to the continuity of the companies of the Exprivia Group, nor is it having any impact on their operations. Specifically, the Exprivia Group has no significant economic or commercial interests with belligerent countries.

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 aspects 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 art. 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 aspects 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.

The Company has enforced the legislation regarding containing the spread of the Covid-19 pandemic, maintaining smart working for almost all of its workforce and continuing to provide services for its customers and keeping its employees safe.

With reference to the ongoing health emergency, the Board of Statutory Auditors supervised the adoption by the Company of the appropriate safeguards to protect the health and safety of workers.

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 observance of the Model. The Model is kept updated, and the most recent version in force was approved by the Board of Directors on 21 December 2017. With its resolution of 30 April 2021, the Board of Directors approved a new special part D of the 231 Organisational Model. As indicated in the Report on Corporate Governance, the directors have planned for 2022 to update the Organisational Model relating to the protocols for the supervision and prevention 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:

- examination of the "guidelines of the Internal Control and Risk Management System", approved by the Board of Directors of Exprivia in 2021, and analysis of their dissemination to the subsidiaries;

- examination of the Annual Report by the Head of Internal Audit on the internal control system;

- acknowledgement of the assessment, expressed by the Board of Directors in the meeting of 15 March 2022, of the adequacy of the internal control and risk management system with respect to the characteristics of the Company and the risk profile assumed;

- meetings with the Supervisory Body and the examination of the related reports;

- meetings with the Internal Audit function and top management regarding the organisational and management impacts of Exprivia's corporate activities;

- meetings with the Executive manager responsible for preparing the corporate accounts;

- the acquisition, pursuant to paragraphs 1 and 2 of art. 151 of the TUF, of information from the control bodies of the Italian subsidiaries on events deemed significant and on the internal control system;

- the acquisition of information from foreign subsidiaries on events deemed significant;

- discussion of the results of the work carried out by the Independent Auditors;

- regular participation in the work of the Control and Risks Committee, the Appointments and Remuneration Committee and 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 planned 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 characteristics of the Company.

The Board of Statutory Auditors also supervised the compliance of the Internal Dealing procedure with the relevant legislation and its correct application. The Board of Directors of Exprivia, in the meeting of 11 November 2021, approved an update of the aforementioned procedure to replace the one that entered into force in 2006 and was subsequently amended on 11 January 2008, 4 August 2017 and 30 April 2021.

Based on the 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 administrative and accounting system and on the financial reporting process

The Board of Statutory Auditors monitored the Company's accounting/administration 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 their duties, the Executive manager responsible for preparing the corporate accounts oversaw the process of updating the control matrices pursuant to Law 262/2005. During the 2021 financial year, the Executive manager responsible for preparing the corporate accounts relied on the support of an independent expert to make the control matrices more consistent with the new IT tools that the Company has adopted and with the organisational changes that have taken place. This updating process, which ended prior to the approval of the financial statements as at 31 December 2021, allowed the use of the updated matrices for the various controls and for the plan of independent tests. 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 art. 154-bis, paragraphs 3 and 4, of the TUF, on 31 March 2022, 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 at 31 December 2021.

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 2022-2026 economic and financial projections approved by the Board of Directors. In its meeting of 15 March 2022, the Board of Directors approved the results of the impairment testing as at 31 December 2021.

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 art. 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 has not received 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 2021 to be adequate overall.

1.6 Supervisory activity on transactions with related parties

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 of the Company as at 31 December 2021 to be adequate overall.

During the 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.

During the 2021 financial year, the Board of Directors, after obtaining the favourable opinion of the Integrated Internal Committee in its function as regards RPT, approved the completion of a single transaction with a related party that can be qualified as a "transaction of minor importance" pursuant to the aforementioned procedure concerning the remuneration of the director in charge of carrying out the mandate for business development and international affairs whose variable remuneration derogated from the remuneration policy approved by the Shareholders' Meeting of 23 June 2021. For the aforementioned transaction, the Board of Statutory Auditors verified compliance with substantive and procedural provisions in accordance with the related parties procedure.

The Board supervised the correct application of the related parties procedure and found no atypical and/or unusual transactions with Group companies or with related parties.

2. INTERNAL CONTROL AND AUDIT COMMITTEE

Pursuant to art. 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. During the supervisory activity, pursuant to art. 150, paragraph 3, the Board of Statutory Auditors met periodically with the Independent Auditors to examine the results deriving from the verification of the regular keeping of the accounts, to examine the audit plan of Exprivia and the Group for the year 2021 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 art. 155, paragraph 2, of the TUF. Specifically, the Board (i) acknowledged PwC's adequate level of professional scepticism; (ii) promoted effective and timely communication with PwC; (iii) supervised, without finding any critical issues, the impacts associated with the "remote" working 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 2021, 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 PwC, whose activity complements the general framework of the control functions established by the regulations with reference to the financial reporting process.

On 31 March 2021, the Independent Auditors issued the reports in accordance with art. 14 of Italian Legislative Decree no. 39/2010 and art. 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 2021, 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 art. 9 of Italian Legislative Decree no. 38/2005.

The reports mentioned above also certify that:

- the separate financial statements of the Company and the consolidated financial statements of the Group as at 31 December 2021 have been prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815 and that the consolidated financial statements of the Group have been 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.
- the directors' report and disclosures required under art. 123-bis, paragraph 1, letters c), d), f), l), and m) and paragraph 2, letter b) of the TUF provided in the corporate governance and ownership report are consistent with the separate financial statements and consolidated financial statements.

The Board of Statutory Auditors examined the Independent Auditors' written annual confirmation of independence pursuant to article 6(2), letter a) of European Regulation 537/2014 and pursuant to paragraph 17 of International Standard on Auditing ISA 260 issued on 30 March 2022, in which PwC confirmed that it had respected the ethical principles pursuant to 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 EU Regulation no. 537/2014.

The Board of Statutory Auditors also examined the additional report, required by article 11 of EU Regulation no. 537/2014, prepared by the Independent Auditors on 31 March 2022 and sent to the Board of Statutory Auditors, as the Internal Control and Audit Committee, with which it illustrated: i) the content of the auditor's report, ii) the audit approach, iii) the significant risks identified, iv) the scope of the audit, vi) the materiality applied, v) the results of the audit, and vii) the audit team and independence. The additional report shows that there are no significant deficiencies in the internal control system in relation to financial reporting.

The Board of Statutory Auditors, in its role as Internal Control and Audit Committee, has fulfilled the duties required by article 19, paragraph 1, lett. e) of Italian Legislative Decree no. 39/2010 as amended by Italian Legislative Decree no. 137/2016 and by art. 5, par. 4, of European Regulation no. 537/2014, approving in advance, where required by the regulations in force, assignments for services other than the statutory audit conferred by Exprivia and its subsidiaries to the Independent Auditors and to the subjects belonging to its network.

During the 2021 financial year, the Company paid PwC fees of Euro 249,092 for assignments relating to the audit and Euro 24,757 for assignments relating to non-audit services. Non-audit services provided in favour of the Company refer to ISA 805 engagements for a total of Euro

10,507 and to the audit of the statement of costs incurred for research and development in 2020 for the purposes set out in article 1 of Law no. 160/2019, paragraph 200, and in the Decree of 25 May 2020 issued by the Ministry of Economic Development for Euro 14,250. The subsidiaries of the Exprivia Group included in the scope of consolidation paid PwC a total of Euro 18,000 for assignments relating to the audit. For the subsidiary Italtel S.p.A., audit services for financial year 2021 amounted to Euro 216 thousand and non-audit services amounted to Euro 14 thousand for additional verification activities on the accounting situation as at 30 November 2020 requested by the subsidiary Italtel S.p.A. and by the attester.

The ratio between the cost of non-audit services and the three-year average of audit services is below the limit established by the applicable regulations of 70%.

Taking account of the professional services provided, and the confirmation of independence and absence of incompatibility issued by PwC, the Board of Statutory Auditors believes that no critical aspects 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 prescribed by art. 2403 of the Italian Civil Code and art. 149 of the TUF, supervised the methods for the practical implementation of the corporate governance rules envisaged by the codes of conduct to which 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 art. 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 administrative 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 took note of the recommendations of Borsa Italiana's ninth report on Corporate Governance, undertaking to take into consideration the recommendations of the Italian Corporate Governance Committee in its supervisory activity, and noted that the Board of Directors in the meeting of 28 January 2022:

- showed that some of the recommendations contained in the letter have already been implemented by Exprivia, which, in financial year 2021, (i) established the economic criteria for assessing the significance of professional, commercial or financial relationships and additional remuneration with reference to independent directors; (ii) approved the regulations of the board of directors and of the committee, explicitly providing, among other things, the terms deemed appropriate for the sending of the information documentation; (iii) defined and implemented a self-assessment process for the Board of Directors;
- took into consideration that Exprivia is a smaller company with concentrated ownership and therefore some recommendations may be scaled to ensure proportional application, as provided for in the Corporate Governance Code;

- assessed the recommendations of the Chair of the Corporate Governance Committee of Borsa Italiana of 3 December 2021 for the financial year 2022 and examined the main areas on which the Company will have to focus to speed up their implementation;
- expressed its intention in the financial year 2022 to more precisely define the sustainability objectives that will guide the soon-to-be-approved long-term business plan, and to outline a dialogue policy with relevant stakeholders.

The Board of Directors successfully carried out its self-assessment of the size, composition, functioning, tasks and remuneration of the Board itself and its Committees, using the process established by the Board of Directors' Regulations approved in financial year 2021. Notably, on 24 February 2022 the Board of Directors approved the questionnaire for the carrying out of the self-assessment survey. The results of the overall adequacy survey were presented during the meeting of the Board of Directors on 15 March 2022 and are 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 one's own interest or that of third parties in specific transactions submitted to the Board of Directors. During 2021, 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 remuneration paid", prepared pursuant to art. 123-ter of the TUF and in compliance with the provisions of art. 5 of the Corporate Governance Code and approved by the Board of Directors on 15 March 2022, 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 2021, the Board of Statutory Auditors did not receive any complaints pursuant to art. 2408 of the Italian Civil Code, nor did it receive complaints from third parties.

In 2021, 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") 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 the carrying out of the activities in preparation for the drafting of the NFS and, within the scope its activities, did not become aware of any violations of the related regulatory provisions.

Starting in January 2022, companies subject to the obligation to publish a Non-Financial Statement (NFS) must disclose to the public the proportion of their revenues, capital expenditure and ordinary operating expenditure that qualify as environmentally sustainable. The Company's activity, aimed at regulatory compliance, followed the indications of the European taxonomy regulation (Regulation (EU) 852/2020), involving several areas of the structure in the internal comparison. The Company carried out a precise analysis in mapping economic activities, distinguishing them as follows: eligible activities are all those economic activities that contribute to climate change mitigation or adaptation, whereas aligned activities contribute to the achievement of one of two objectives. They either comply with the technical screening criteria, or do not significantly harm any of the other objectives and comply with the minimum safeguards.

The Company carried out an analysis, contained in the NFS, of all the economic activities reported, both by mapping them in their entirety and by assessing their consistency with the NACE codes reported in Delegated Regulation (EU) 2021/2139.

The consolidated NFS relating to the year ended 31 December 2021 was approved at the meeting of the Board of Directors on 15 March 2022.

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 financial reporting process.

The Auditing Company BDO Italia S.p.A., which has been entrusted with the limited assurance of the consolidated non-financial statement of Exprivia and its subsidiaries for the year ended 31 December 2021 pursuant to art. 3, paragraph 10, of Italian Legislative Decree no. 254/2016 and article 5 of CONSOB Regulation no. 20267/2018, in the report issued on 31 March 2022 notes that no elements have come to its attention that would suggest that the NFS of the Exprivia Group, relating to the year ended 31 December 2021, has 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 data contained in the paragraph "Taxonomy Reg. 852/2020" therein required by Article 8 of European Regulation 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, 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 3 March 2022, the Board of Statutory Auditors carried out the periodic 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 art. 148 of the TUF.

4. INDICATION OF ANY PROPOSALS TO BE PRESENTED 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 art. 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 at 31 December 2021, the allocation of the profit for the year and the distribution of dividends, as per the plan approved by the Board of Directors on 15 March 2022

Bari, 31 March 2022

The Board of Statutory Auditors

Dora Savino - Chair (original signed)

Andrea Delfino - Standing Auditor (original signed)

Mauro Ferrante - Standing Auditor (original signed)

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 2021

Financial statements of Exprivia SpA at 31 December 2021

Balance Sheet

Amount in Euro	Note	31/12/2021	31/12/2020
Property, plant and machinery	1	17,722,389	18,480,160
Goodwill	2	66,791,188	66,791,188
Other Intangible Assets	3	9,243,035	10,150,987
Shareholdings	4	9,379,629	8,823,073
Other financial assets	5	647,027	2,083,120
Other financial assets	6	729,717	462,164
Deferred tax assets	7	1,513,793	1,598,106
NON-CURRENT ASSETS		**106,026,778**	**108,388,798**
Trade receivables and other	8	49,647,329	45,112,927
Stock	9	880,706	1,052,244
Work in progress to order	10	22,172,390	20,992,341
Other Current Assets	11	8,533,114	8,728,954
Other Financial Assets	12	3,044,532	3,511,238
Cash resources	13	15,878,263	26,069,253
Other Financial Assets available for sale	14	2,411	205,460
CURRENT ASSETS		**100,158,745**	**105,672,417**
TOTAL ASSETS		**206,185,523**	**214,061,215**

Amount in Euro	Note	31/12/2021	31/12/2020
Share capital	15	24,615,694	24,615,694
Share Premium Reserve	15	18,081,738	18,081,738
Revaluation reserve	15	2,907,138	2,907,138
Legal reserve	15	4,681,896	4,170,518
Other reserves	15	15,899,313	28,968,816
Profits (Losses) for the previous year	15	-	(22,864,575)
Profit (Loss) for the year		10,165,107	10,227,562
SHAREHOLDERS' EQUITY		**76,350,886**	**66,106,891**
Non-current bond	16	9,155,613	13,672,936
Non-current bank debt	17	20,375,906	25,565,877
Other financial liabilities	18	3,858,247	3,906,522
Other no current liabilities	19	393,543	933,430
Provision for risks and charges	20	145,702	324,008
Employee provisions	21	7,785,101	8,479,090
Deferred tax liabilities	22	1,582,409	1,456,338
NON CURRENT LIABILITIES		**43,296,521**	**54,338,201**
Current bond	23	4,551,388	4,536,055
Current bank debt	24	9,219,683	20,884,564
Trade payables	25	27,375,433	25,157,940
Advances payment on work in progress contracts	26	4,746,256	3,815,032
Other financial liabilities	27	4,899,514	6,590,231
Other current liabilities	28	35,745,842	32,632,301
CURRENT LIABILITIES		**86,538,116**	**93,616,123**
TOTAL LIABILITIES		**206,185,523**	**214,061,215**

Income Statement

Amount in Euro	Note	2021	2020
Revenues	29	159,391,499	145,093,101
Other income	30	4,917,352	6,156,560
PRODUCTION REVENUES		**164,308,851**	**151,249,661**
Costs of raw, subsid. & consumable mat. and goods	31	7,521,075	3,389,765
Salaries	32	95,119,251	89,503,850
Costs for services	33	34,336,111	35,811,219
Costs for leased assets	34	566,960	593,553
Sundry operating expenses	35	1,081,153	625,554
Change in inventories of raw materials and finished products	36	71,537	(445,947)
Provisions	37	(411,523)	(19,160)
TOTAL PRODUCTION COSTS		**138,284,564**	**129,458,834**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		**26,024,287**	**21,790,827**
Amortisation, depreciation and write-downs	38	8,075,093	6,216,806
OPERATIVE RESULT		**17,949,194**	**15,574,021**
Financial income and charges	39	(3,050,182)	(2,535,926)
PROFIT (LOSS) FOR THE YEAR BEFORE TAX		**14,899,012**	**13,038,095**
Income tax	40	4,733,905	2,810,533
PROFIT OR LOSS FOR YEAR	**41**	**10,165,107**	**10,227,562**

Statement of Comprehensive Income

Amount in Euro			
Description	**Note**	**2021**	**2020**
Profit for the year		10,165,107	10,227,562
Other gains (losses) total will not subsequently be reclassified in profit (loss)			
Profit (loss) Actuarial effect of IAS 19		104,669	(271,611)
Tax effect of changes		(25,121)	65,187
Total other comprehensive income (loss) will not subsequently be reclassified in profit (loss)	15	79,548	(206,424)
Profit (loss) on FVOCI financial assets		(660)	27,271
Profit (loss) on cash flow hedge derivatives			0
Tax effect of the changes			0
Total other comprehensive income (loss) that will subsequently be reclassified in profit (loss)	15	(660)	27,271
NET COMPREHENSIVE INCOME FOR THE YEAR		10,243,997	10,048,409

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 period	Total Net Worth
Balance at 31/12/2019	**26,979,658**	**(2,113,598)**	**18,081,738**	**2,907,138**	**4,170,518**	**29,192,669**	**-**	**(22,864,575)**	**56,353,548**
Reclassification previous year's profit							(22,864,575)	22,864,575	-
Purchase of own shares		(250,366)				(44,700)			(295,066)
Components of comprehensive income:									
Profit / (loss)								10,227,562	10,227,562
Effects of applying IAS 19						(206,424)			(206,424)
Profit (loss) on FVOCI financial assets						27,271			27,271
Total comprehensive income (loss) for the year									**10,048,409**
Balance at 31/12/2020	**26,979,658**	**(2,363,964)**	**18,081,738**	**2,907,138**	**4,170,518**	**28,968,816**	**(22,864,575)**	**10,227,562**	**66,106,891**
Reclassification previous year's profit					511,378	9,716,184		(10,227,562)	0
Allocation of the result for the year 2019						(22,864,575)	22,864,575		0
Purchase of own shares									0
Components of comprehensive income:									
Profit / (loss)								10,165,107	10,165,107
Effects of applying IAS 19						79,548			79,548
Profit (loss) on FVOCI financial assets						(660)			(660)
Total comprehensive income (loss) for the year						**78,888**	**0**	**10,165,107**	**10,243,995**
Balance at 31/12/2021	**26,979,658**	**(2,363,964)**	**18,081,738**	**2,907,138**	**4,681,896**	**15,899,313**	**0**	**10,165,107**	**76,350,886**

Cash Flow Statement

Amount in Euro

	NOTE	31.12.2021	31.12.2020
Financial statement	**42**		
Operating activities:			
Profit (loss) for the year	**41**	10,165,107 (1)	10,227,562 (1)
Amortisation, depreciation and provisions		7,943,866	5,677,171
Provision for Severance Pay Fund		4,669,670	4,500,835
Advances/Payments Severance Pay		(5,258,990)	(5,391,219)
Adjustment of value of financial assets		9,025	0
Cash flow generated (absorbed) from operating activities	**a**	**17,528,678**	**15,014,349**
Increase/Decrease in net working capital:			
Variation in stock and payments on account		(177,286)	(5,458,465)
Variation in receivables to customers		(4,445,590)	(176,503)
Variation in receivables to parent/subsidiary/associated company		125,739	1,127,446
Variation in other accounts receivable		219,471	2,643,760
Variation in payables to suppliers		2,953,944	232,930
Variation in payables to parent/subsidiary/associated company		(834,862)	25,747
Variation in tax and social security liabilities		2,091,884	(358,249)
Variation in other accounts payable		580,182	(2,104,108)
Cash flow generated (absorbed) from current assets and liabilities	**b**	**513,482**	**(4,067,442)**
Cash flow generated (absorbed) from current activities	**a+b**	**18,042,160**	**10,946,907**
Investment activities:			
Purchases of tangible fixed assets net of payments for sales		(2,589,709)	(3,056,630)
Variation in intangible assets		(1,824,417)	(2,423,462)
Change in non-current assets		(501,665)	211,167
		(68,231) (2)	(1,477,596) (2)
Cash flow generated (absorbed) from the investment activity	**c**	**(4,984,021)**	**(6,746,521)**
Financial assets and liabilities			
New loans		2,143,283 (2)	28,709,476 (2)
Reimbursement loan		(13,041,310) (2)	(15,022,308) (2)
Net variation in other financial debts		(12,351,101) (2)	1,390,329 (2)
Changes in other non-current liabilities and use of risk provisions		(0)	(15,000)
(Purchase) / Sale of own shares			(295,066)
Cash flow generated (absorbed) from financing activities	**d**	**(23,249,128)**	**14,767,431**
Increase (decrease) in cash and cash equivalent	**a+b+c+d**	**(10,190,990)**	**18,967,817**
Cash and cash equivalent at the beginning of the year		26,069,253	7,101,436
Cash and cash equivalent at end of year		15,878,263	26,069,253
(1) including taxes and interest paid in the year		*6,710,697*	*3,666,669*

(2) The sum of the relative amounts (for 2021 equal to Euro -24,906,652, for 2020 equal to Euro 13,599,901) 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 2021

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 holding 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 2020, latest financial statements available. For further information on the financial standing of Abaco Innovazione SpA at 31 December 2020, 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	31.12.2020	31.12.2019
Shareholdings	29,856,647	29,856,647
NON-CURRENT ASSETS	**29,856,647**	**29,856,647**
Other Current Assets	2,724	4,084
Cash resources	8,206	151,665
CURRENT ASSETS	**10,930**	**155,749**
ASSETS	**29,867,577**	**30,012,396**
Share capital	941,951	941,951
Revaluation reserve	200,188	200,188
Other reserves	25,555,817	25,551,231
Profits/Losses for previous periods	224,359	4,586
Profit/Loss for the year	199,199	224,359
SHAREHOLDERS' EQUITY	**27,121,514**	**26,922,315**
Other financial liabilities	918,996	1,357,875
NON CURRENT LIABILITIES	**918,996**	**1,357,875**
Current bank debt	38,440	38,540
Trade payables	240,970	220,038
Other financial liabilities	463,296	464,484
Other current liabilities	1,084,361	1,009,145
CURRENT LIABILITIES	**1,827,067**	**1,732,205**
TOTAL LIABILITIES	**29,867,577**	**30,012,396**

Amount in Euro	31.12.2020	31.12.2019
Revenues	400,240	410,560
Other income	296	0
PRODUCTION REVENUES	**400,536**	**410,560**
Salaries	46,020	43,886
Costs for services	28,597	28,746
Sundry operating expenses	20,771	21,806
TOTAL PRODUCTION COSTS	**95,388**	**94,439**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	**305,148**	**316,121**
OPERATIVE RESULT	**305,148**	**316,121**
Financial income and charges	(40,982)	(55,786)
PRE-TAX RESULT	**264,166**	**260,336**
Income tax	64,967	35,977
PROFIT OR LOSS FOR YEAR	**199,199**	**224,359**

Form and Content of Separate Financial Statements

Introduction

The separate financial statements of Exprivia at 31 December 2021 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 2021, 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(5), Italian Legislative Decree 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.

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 2020, except as noted below.

The valuation and measurement policies are based on the IFRS standards in effect at 31 December 2021 and approved by the European Union.

The table below shows the list of international accounting standards and interpretations approved by IASB and endorsed in Europe and applied for the first time during the year.

Title	Document Type	Issued Date	Effective Date	Standards	Endorsement date	Publication on G.U.C.E	Effective date for Exprivia
Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Amendment	August-20	01-Jan-21	IAS 39 , IFRS 9 , IFRS 7 , IFRS 4	13-gen-2021	14-Jan-21	01-Jan-21
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	Amendment	June-20	01-Jan-21	IFRS 17 , IFRS 4	15-dic-2020	16-Dec-20	01-Jan-21
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	Amendment	May-20	01-Jun-20	IFRS 16	9-ott-2020	12-Oct-20	01-Jun-20

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - phase 2" supplement those issued in 2019 and endorsed in January 2020. The amendments referring to phase 2

envisage a specific accounting treatment to spread over time the changes in the value of financial instruments or lease agreements due to the replacement of the reference index for the determination of interest rates. Phase 2 changes only apply to changes required by the reform to financial instruments and hedging transactions.
The effects on the financial statements resulting from the adoption of this amendment mainly concern companies that have an exposure to interest rates, where:

iii. interest rates depend on IBOR; and
iv. IBORs are the subject matter of an exchange rate reference reform.

Extension of the Temporary Exemption From Applying IFRS 9 to insurance companies (Amendments to IFRS 4)
The amendment to "IFRS 4 Insurance Contracts - deferral of IFRS 9" extended the expiry of the temporary exemption from the application of IFRS 9 until 2023 in order to align the date of entry into force of IFRS 9 with the new IFRS 17.
Covid-19-Related Rent Concessions (Amendment to IFRS 16)
The amendment aims to neutralise the accounting effects of changes in lease payments (cancellation or reduction of lease payments) in compliance with agreements between parties in view of the negative effects of COVID-19. In the absence of such intervention by the Regulator, these changes would have resulted in the re-determination of the financial liability and the carrying amount of the asset consisting of the right of use, entailing a significant administrative burden.
The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification and requires lessees that apply the exemption to account for these concessions as if they were not lease modifications and therefore immediately in the income statement. The practical expedient applies to COVID-19 related rent concessions due by 30 June 2021 and does not affect lessors.

The newly adopted standards did not have any material impact on the valuation of the Company's assets, liabilities, costs and revenues.

Following are the IFRS accounting standards, amendments and interpretations approved by the IASB and endorsed by the European Union, whose mandatory effective date is after 31 December 2021 and not adopted in advance by the Company.

Title	Document Type	Issued Date	Effective Date	Standards	Endorsement date	Publication on G.U.C.E	Effective date for Exprivia
Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16	Amendment	March-21	01-Apr-21	IFRS 16	30-ago-2021	31-Aug-21	01-Apr-21
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Amendment	February-21	01-Jan-23	Practice Statement 2 , IAS 1 , IFRS 8 , IAS 34 , IAS 26 , IFRS 7	2-mar-2022	03-Mar-22	01-Jan-23
Definition of Accounting Estimates (Amendments to IAS 8)	Amendment	February-21	01-Jan-23	IAS 8	2-mar-2022	03-Mar-22	01-Jan-23
Amendments to IFRS 17	Amendment	June-20	01-Jan-23	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 1, IAS 37, IAS 7, IAS 28, IFRS 5, IFRS 7	19-nov-2021	23-Nov-21	01-Jan-23
Annual Improvements to IFRS® Standards 2018–2020	Annual Improvements	May-20	01-Jan-22	IFRS 16 , IFRS 9 , IFRS 1 , IAS 41	28-giu-2021	02-Jul-21	01-Jan-22
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	Amendment	May-20	01-Jan-22	IAS 16	28-giu-2021	02-Jul-21	01-Jan-22
Reference to the Conceptual Framework (Amendments to IFRS 3)	Amendment	May-20	01-Jan-22	IFRS 3	28-giu-2021	02-Jul-21	01-Jan-22
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	Amendment	May-20	01-Jan-22	IAS 37	28-giu-2021	02-Jul-21	01-Jan-22

In March 2021, the IASB issued the document "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)", which extended by one year the period of application of the amendment to IFRS 16 issued in 2020 relating to the accounting of the facilities granted to lessees due to Covid 19. The amendments apply from 1 April 2021.

The amendments to IAS 1 and IAS 8 issued on 12 February 2021 are intended to improve disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies.

On 18 May 2017, the IASB issued IFRS 17– "Insurance Contracts", which is intended to replace 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 IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds. On 25 June 2020, the IASB issued the amendments to IFRS 17 "Amendments to IFRS 17" and to IFRS 4 "Extension of Temporary Exemption from Applying IFRS 9" relating to insurance activities, envisaging, inter alia, the deferral of two years of the entry into force of IFRS 17. Therefore, the provisions of IFRS 17, which supersede those currently envisaged by IFRS 4 "Insurance Contracts", are effective for years beginning on or after 1 January 2023.

The amendment to IAS 16 "Property, Plant and Equipment on Proceeds before Intended Use" clarifies the prohibition of deducting from the carrying amount of property, plant and equipment any proceeds from the sale of materials used during the period of production and commissioning of the asset itself. These revenues are recognised in the income statement when realised together with the related production costs. The amendment is effective for annual periods beginning on or after 1 January 2022.

The amendments made to IFRS 3 "Business Combinations" are aimed at:

• completing the updating of the references to the Conceptual Framework for Financial Reporting in the accounting standard;

• providing clarifications on the prerequisites for the recognition, at the acquisition date, of provisions, contingent liabilities and liabilities for taxes that are assumed as part of a business combination transaction;

• making it clear that the contingent assets cannot be recognised as part of a business combination.

The amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts- Cost of Fulfilling a Contract" specifically details which costs should be included when considering the obligation arising from entering into an onerous contract. The amendment provides for the application of a "directly related cost approach". The costs that refer directly to an agreement for the supply of goods or services include both the incremental costs and the costs directly attributed to the contractual activities. General and administrative expenses are not directly related to an agreement and are excluded unless they are explicitly recharged to the counterparty on the basis of the agreement.

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.

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.

Title	Document Type	Issued Date	Effective Date	Standards	Endorsement date	Publication on G.U.C.E
Initial Application of IFRS 17 and IFRS 9—Comparative Information	Amendment	December 2021	01-Jan-23	IFRS 17 , IFRS 9		
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Amendment	May-21	01-Jan-23	IFRS 1 , IAS 12		
Classification of Liabilities as Current or Non-current—Deferral of Effective Date (Amendment to IAS 1)	Amendment	July-20	01-Jan-23	IAS 1		
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Amendment	January-20	01-Jan-23	IAS 1		

In December 2021, the IASB published an amendment to the transitional provisions of IFRS 17 "*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*". The amendment provides insurance companies with an option to improve the relevance of the information to be provided to investors during the initial application of the new standard.

The amendment to IAS 12 "Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction" is intended to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for years beginning on or after 1 January 2023, with early application 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 as 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 judgment 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.

COVID-19 and Possible Impacts on the Business as a Going Concern

The pandemic that broke out in Wuhan at the end of 2019 and its effects on health and economic risks, although it cannot be said to be over, is now being managed in a less emergency manner. At the time of preparing this report, a large part of the population in Italy and other countries is vaccinated, which makes the number of deaths much lower.

Exprivia, from the very first months of 2020, has closely followed the evolution of the situation and, in order to protect the safety of its employees, customers and suppliers, has immediately implemented a remote working policy that has brought almost the entire company population into this working mode starting already in March 2020.

In compliance with the provisions of the document "European common enforcement priorities for 2020 annual financial reports", it should be noted that there are no significant impacts of the COVID-19 pandemic on non-financial matters on the business continuity of Exprivia. With regard to the social impact and effects on workers, it should be noted that the Company promptly responded to the risk associated with Covid-19 through smart working, thus allowing us to continue working to support our customers while simultaneously ensuring the safety of our employees.

Accounting Policies 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 2020, 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(5), Italian Legislative Decree 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 tangible asset, with a different useful life, is amortised 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 for 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, liquid assets 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 Fund (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

Revenue recognition 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 revenue when the relative performance obligation is satisfied.

The revenue was 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 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. Revenue is 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 revenue is 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 revenue is 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. Gains and losses on exchanges 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, the Company 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 (Decree Law no. 23 of 08/04/2020 converted into 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, as well as the fixed-rate bond issued in 2017 to finance the purchase of the equity investment in Italtel SpA. Concerning variable-rate loan agreements taken out until 2016, the Company has interest rate swap agreements or cap agreements to hedge the risk of fluctuating interest rates.

Subsequently, taking into account the significantly decreasing trend of the interest rate curve, the Company did not consider the Interest rate risk significant and therefore did not consider it necessary to enter into new derivative contracts to hedge this risk.

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

Prudent management of liquidity risk is pursued by planning cash flows, financing needs and the liquidity of the Company to ensure effective management of financial resources by managing any surplus liquidity, and by opening credit lines where necessary, including short-term ones.

At the end of November 2020, Exprivia obtained, pursuant to the Liquidity Decree (Decree Law no. 23 of 08/04/2020 converted into Law no. 40 of 05/06/2020, a bank loan backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan.

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 of business interruption due to COVID-19 coronavirus

The pandemic that broke out in Wuhan at the end of 2019 and its effects on health and economic risks, although it cannot be said to be over, is now being managed in a less emergency manner. At the time of preparing this report, a large part of the population in Italy and other countries is vaccinated, which makes the number of deaths much lower.

Exprivia, from the very first months of 2020, has closely followed the evolution of the situation and, in order to protect the safety of its employees, customers and suppliers, has immediately implemented a remote working policy that has brought almost the entire company population into this working mode starting already in March 2020.

The policy implemented has in fact proved to be successful, also thanks to the type of activities carried out by the Company, which lends itself to remote work, and has allowed it to continue to carry out its activities for customers in safety, being able to guarantee continuous supervision. While delivery activities did not suffer any particular slowdown, commercial activities, especially in the industry and retail sectors, suffered slowdowns and, in some cases, blockages.

As of today, and therefore with more than two year's experience of the effects of the pandemic, we can state that the ICT market, in which the Company operates, is one of the markets that was least affected by the effects of the spread of COVID-19 and that, in some cases, it has actually produced a specific induced demand that has seen an increase in revenues.

Exprivia has processes that support the identification, management and monitoring of events with potential significant impacts on the company's resources and business, with the aim of maximising the timeliness and effectiveness of the actions undertaken.

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).

exprivia

FINANCIAL ASSETS AT 31 December 2021	Loans and receivables "amortized cost"	Investments measured at "fair value through OCI (FVOCI)"	Derivative financial instruments "financial assets valued at fair value in the income statement"	Derivative financial instruments Hedge Accounting "financial assets valued at FVOCI"	Financial instruments available for sale "FVOCI"	Total
In thousands of Euro						
Non current assets						
financial assets	647					647
Investments in other companies		278				278
Financial derivative instruments						0
Non-current assets	730					730
Total no current assets	**1,377**	**278**	-	**0**	-	**1,655**
Current assets						
Trade receivables	49,647					49,647
Other financial assets	3,045				2	3,047
Other current assets	8,533					8,533
Cash and cash equivalents	15,878					15,878
Total Current assets	**77,103**	-	-	-	**2**	**77,106**
TOTAL	**78,480**	**278**	**-**	**0**	**2**	**78,760**

FINANCIAL LIABILITIES AT 31 December 2021	Loans and borrowings "amortized cost"	Derivative financial instruments "financial liabilities valued at fair value in the income statement"	Derivative financial instruments Hedge Accounting "financial liabilities valued at FVOCI"	Financial instruments available for sale "FVOCI"	Total
In thousands of Euro					
Non-current liabilities					
Bond loan	9,156				9,156
Payables to banks	20,376				20,376
Other financial liabilities	3,671	188			3,859
Other non-current liabilities	394				394
Total non-current liabilities	**33,597**	**188**	-	-	**33,785**
Current liabilities					
Current bond loans	4,551				4,551
Payables to banks	9,220				9,220
Trade payables and advances	32,122				32,122
Other liabilities	4,899				4,899
Total current liabilities	35,746				35,746
Total Current liabilities	**86,538**	-		-	**86,538**
TOTAL	**120,135**	**188**	**-**	**-**	**120,323**

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 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	9,219,683	20,375,906	5,350,130	5,309,870	9,419,047	296,859
Bond	4,551,388	9,155,613	9,155,613	0	0	0
Lease financial liabilities	1,796,256	3,660,593	1,589,571	1,554,360	370,624	146,038
Other financial liabilities	3,103,258	197,654	187,654	0	0	10,000

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 2021

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 2021, the balance of the item "**property, plant and machinery**", net of depreciation, amounted to Euro 17,722,389 compared to Euro 18,480,160 at 31 December 2020.

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

Categories	Historical cost 01/01/2021	Historical cost increase	Historical cost decrease	Depreciation for the year	Decrem. Depreciation fund	Net value at 31/12/2021
Land	1,278,394	-	-	-	-	1,278,394
Building	12,671,261	2,335,096	(3,178,992)	(1,173,782)	1,589,294	12,242,877
Other assets	4,530,506	2,347,854	(2,590,255)	(2,317,941)	2,230,956	4,201,119
TOTALI	**18,480,160**	**4,682,950**	**(5,769,247)**	**(3,491,723)**	**3,820,250**	**17,722,389**

The increase in the item "**buildings**", amounting to Euro 2,335,096, is related to the recognition of the right of use according to IFRS 16 of the lease agreements executed as regards the offices in the Milan sites.

The decrease in the item "**buildings**", amounting to Euro 1,589,699, mainly refers to the reduction in the value of the right of use according to IFRS 16 due to the early termination of the lease agreement for the office of Rome-Viale del Tintoretto.

The increase of Euro 2,347,854 in the item "**other assets**" is attributable, for Euro 1,293,811, to the recognition of the right of use according to IFRS 16 of the medium/long-term rental contracts for cars, executed in 2021, for Euro 736,336 relating to electronic office machines and for Euro 317,707 to telephones and furnishings.

Decreases can be mostly ascribed to the disposal of assets no longer in use, nearly fully 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 exact fulfilment of obligations arising from the Euro 25 million loan taken out on 1 April 2016 from a pool of banks (for additional details, please see note 17).

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 01/01/2021	Increases at 12/31/2021	Decreases at 12/31/2021	Depreciation at 12/31/2021	Decreases in the accumulated depreciation at 12/31/2021	Net value as of 31/12/2021
Land and building	2,445,316	2,335,096	(3,178,992)	(677,953)	1,589,294	2,512,761
Furniture and furnishings	62,215			(29,616)		32,599
Other assets	2,598,139	1,293,811	(1,303,739)	(1,070,183)	998,067	2,516,096
TOTAL	**5,105,670**	**3,628,906**	**(4,482,731)**	**(1,777,752)**	**2,587,361**	**5,061,456**

Financial payables relating to the current value of the remaining lease payments at 31 December 2021 amounted to Euro 5,456,849, of which Euro 1,796,256 classified as current liabilities and Euro 3,660,593 classified as non-current liabilities.

The amounts relating to leases recognised in 2021 compared to those recognised in 2020 in the income statement are as follows:

Description	31/12/2021	31/12/2020	Variations
Use of third party assets	**(140,251)**	**(182,032)**	**41,781**
Short term leasing	(17,588)	7,431	(25,019)
Leasing of modest value	(122,662)	(189,463)	66,800
Depreciation and write-downs of non-current assets	**(1,777,752)**	**(2,004,000)**	**226,248**
Amortization of rights to use leased assets	(1,777,752)	(2,004,000)	226,248
Financial income (charges)	**(176,424)**	**(272,000)**	**95,576**
Interest expense for leased assets liabilities	(176,424)	(272,000)	95,576

For comparative purposes, the changes in tangible fixed assets occurred in the previous year are shown below:

Categories	Historical cost 01/01/2020	Historical cost increase	Historical cost decrease	Provision for the year	Depreciation fund	Net value at 31/12/2020
Land	1,278,394	-	-	-	-	1,278,394
Building	14,009,257	91,002	-	(1,428,999)	-	12,671,260
Other assets	3,372,323	2,947,112	(1,500,424)	(1,807,446)	1,518,941	4,530,506
TOTAL	**18,659,974**	**3,038,114**	**(1,500,424)**	**(3,236,445)**	**1,518,941**	**18,480,160**

Note 2 – Goodwill

At 31 December 2021, "**goodwill**" amounted to Euro 66,791,188 and there were no changes from the figure at 31 December 2020.

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 tangible 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 budget and the plans subject to approval of the Board of Directors on 15 March 2022.

Note that the economic and financial projections have taken into account the estimated effects of Covid-19, also in the light of the indications of ESMA, Bank of Italy, CONSOB and Isvap, as well as the guidelines and orientations contained in the most recent documents published following the COVID-19 pandemic. These effects are of insignificant impact, considering that the Company was not impacted in the least by the Covid-19 pandemic, as already noted in the Directors' Report, and that the specific future forecasts for the IT sector inferred from external sources show that the sector will not be negatively affected by the pandemic also in 2022.

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 1.4%, 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 1.96%, 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 six years, was positive.

The main assumptions underlying the 2022-2026 economic-financial forecasts are listed below:

- for 2022 the projections reflect budget data for the year;
- for 2023-2026, the projections reflect an annual compound average growth rate of Total Revenues of 5.4% (CAGR 2022-2026) and average profit margin of 14.45%.

The WACC (Weighted Average Cost of Capital) used to discount cash flows was equal to 7.8% and was determined as the specific discount rate for Italy.

The parameters used are as follows:

Parametri	Italia
Risk free rate	1,7%
Equity Risk Premium	6,0%
D/E	2,6%
Beta unlevered	70,2%
Beta levered	71,6%
Risk Premium	4,3%
Premio per il rischio addizionale	2,0%
Costo del capitale proprio (Ke)	**7,9%**
Risk free rate	1,7%
Spread	1,7%
Costo del debito (Kd Pre tax)	**3,4%**
Aliquota IRES / IS	24,0%
Costo del debito (Kd after Tax)	**2,6%**
D/D+E	2,5%
E/D+E	97,5%
WACC	**7,8%**

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 2021, the balance of the item "**Other intangible assets**" amounted, net of amortisation applied, to Euro 9,243,035 compared with Euro 10,150,987 at 31 December 2020.

The table below shows the changes in the reporting period:

Categories	Net value as of 01/01/2021	Increases at 12/31/2021	Decreases at 12/31/2021	Depreciation	Net value at 12/31/2021
Cost of plant and extension	2,028,723	153,872		(697,759)	1,484,836
Development of advertising	4,682,065	2,437,671	-	(2,034,611)	5,085,125
Assets under constr. & payment on a/c	3,440,200	620,328	(1,387,454)	-	2,673,074
TOTAL	**10,150,987**	**3,211,871**	**(1,387,454)**	**(2,732,370)**	**9,243,035**

The increase in the item "**other intangible assets**" totalling Euro 153,872 refers to the purchase of software licenses.

The increase of Euro 2,437,671 in the item "**costs for capitalised internal projects**" is due 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 620,328 is attributable to the development of software applications not yet completed in the Defence & Aerospace market, while the decrease of Euro 1,387,454 is mainly attributable to the development of software applications already completed and therefore amortised, as part of the afore-mentioned market.

For comparative purposes, the changes in intangible fixed assets occurred in the previous year are shown below:

Categories	Net value as of 01/01/2020	Increases as at 31/12/2020	Decreases as at 31/12/2020	Depreciation	Net value as of 31/12/2020
Cost of plant and extension	2,290,629	557,552	(41,617)	(777,839)	2,028,725
Development of advertising	4,251,399	2,380,187	-	(1,949,521)	4,682,064
Assets under constr. & payment on a/c	3,912,858	604,641	(1,077,301)	-	3,440,198
TOTAL	**10,454,886**	**3,542,382**	**(1,118,918)**	**(2,727,361)**	**10,150,987**

Note 4 – Equity Investments

The item "**equity investments**" at 31 December 2021 amounted to Euro 9,379,629 compared to Euro 8,823,073 at 31 December 2020.

The item is broken down below.

Equity Investments in Subsidiaries

At 31 December 2021, the item "**equity investments in subsidiaries**" amounted to Euro 8,603,889 compared with Euro 8,281,445 at 31 December 2020. The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	1,709,366	1,709,366	-
Group Exprivia S.L.U	2,903,489	2,581,044	322,445
Exprivia Do Brasil	2,574,976	2,574,976	-
ProSap SA de CV (Messico)	563,268	563,268	-
Advanced Computer Systems Gmbh	25,000	25,000	-
Spegea S.c.a r.l.	300,000	300,000	-
HRCOFFEE Srl	155,788	155,788	-
Consorzio Exprivia S.c. a r.l.	22,003	22,003	-
Exprivia Asia Ltd	350,000	350,000	-
TOTAL	**8,603,889**	**8,281,444**	**322,445**

Note also that Exprivia holds 81% of the share capital of Italtel SpA but, as disclosed in a press release issued to the market on 30 April 2021, has lost control of the company after 31 December 2020 pursuant to IFRS 10. The carrying amount of the equity investment in Italtel is zero as it was fully written down as 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 2021, 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 Italtel, granted to guarantee the obligations deriving from loan agreements taken out by Italtel.

The change in the equity investment in Exprivia SLU is related to an increase, equal to Euro 2,173 thousand, for the waiver of financial receivables claimed by Exprivia SpA from the subsidiary and allocated by the latter to the available reserve and a decrease of Euro 1,851 thousand relating to the write-down of the equity investment based on the results of the impairment test, details of which are provided below.

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.

More specifically, the recoverability of the carrying amount of the equity investment in Exprivia SLU, amounting to Euro 4,754 thousand, was verified based on the cash flow projections deriving from the economic-financial forecasts for the years 2022-2026 approved by the Company's Board of Directors, which envisage the following main assumptions:

- for 2022 the projections reflect budget data for the year;
- for 2023-2026, the projections reflect an average compound annual growth rate of Total Revenue of 5.6% (CAGR 2022-2026) and average profit margin of 8%.

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 1.7%, equal to the long-term inflation rate forecast for Spain.

The WACC (Weighted Average Cost of Capital) used to discount cash flows was equal to 7% and was determined as the specific discount rate for Spain.

The impairment test brought to light impairment of Euro 1,851 thousand compared to the carrying amount of the equity investment in Exprivia SLU; 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 carrying values with reference to the equity investment in Exprivia SLU by Euro 2.248 million (instead of the Euro 1.851 million accounted for as a write-down on the equity investment in 2021). Moreover, impairment losses emerged with reference to the equity investment in Exprivia do Brasil of Euro 188 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 2021 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	48	119	949	278	100.00%	Exprivia SpA
Consorzio Exprivia S.c.a.r.l	Milano	amount in Euro	20,000	amount in thousand Euro	3	26	7.00	355	70.00% 25.00% 5.00%	Exprivia SpA Italtel SpA Exprivia Projects Srl
Exprivia ASIA Ltd	Hong Kong	amount in dollaro	2,937,850	amount in thousand Euro	29	(127)	-	823	100.00%	Exprivia SpA
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	amount in Real	5,890,663	amount in thousand Euro	33	1,193	2,195	1,816	100.00%	Exprivia SpA
Exprivia Projects Srl	Roma	amount in Euro	242,000	amount in thousand Euro	547	1,351	11,565	5,186	100.00%	Exprivia SpA
HRCOFFEE Srl	Molfetta (BA)	amount in Euro	300,000	amount in thousand Euro	(109)	(152)	165	413	70.00% 30.00%	Exprivia SpA persone fisiche
Spegea Scarl	Bari	amount in Euro	125,000	amount in thousand Euro	29	289	926	1,903	60.00% 40.00%	Exprivia SpA Confindusria Bari
Exprivia SLU	Madrid (Spagna)	amount in Euro	197,904	amount in thousand Euro	(2,635)	176	1,890	1,563	100.00%	Exprivia SpA
Exprivia Messico SA de CV	Città del Messico (Messico)	amount in Pesos messicani	41,208,999	amount in thousand Euro	39	1,432	630	2,562	2.00% 98.00%	Exprivia SLU Exprivia SpA

Note also that Exprivia holds 81% of the share capital of Italtel SpA but, as disclosed in a press release issued to the market on 30 April 2021, has no longer control of the company after 31 December 2020 pursuant to IFRS 10. Therefore, the figures related to Italtel SpA were not shown in the above table.

It should be noted that, at 31 December 2021, there is a first-rank pledge on portions relating to the equity investments in Exprivia Projects Srl, representing 100% of its share capital, granted as a guarantee for the loan of Euro 25 million taken out on 1 April 2016 with a pool of banks.

Equity Investments in Associated Companies

At 31 December 2021, the item "**Equity investments in associated companies**" amounted to Euro 498,000 compared to Euro 375,000 at 31 December 2020. The change is attributable to the subscription by Exprivia of the capital increase of QuestIT Srl for Euro 125,000 and the sale of 0.1% of the equity investment held by Exprivia in the same company for Euro 2,000.

Equity Investments in Other Companies

At 31 December 2021, the item "**Equity investments in other companies**" amounted to Euro 277,740 compared to Euro 166,629 at 31 December 2020. The table below provides details on this item:

Description	31/12/2021	31/12/2020	Variation
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	-
Consorzio HEALTH INNOVATION HUB	-	0	-
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	-
Consorzio Createc	6,971	6,971	-
Distretto Tecnologico Aerospaziale	2,500	2,500	-
TOTAL	**277,740**	**166,629**	**111,111**

The increase of Euro 111,111 is due to the purchase of the 12.2% stake in AREAMEDICAL24 Srl on 19 February 2021.

Note 5 – Other Non-Current Financial Assets

The balance of the item "**Other non-current financial assets**" at 31 December 2021 amounted to Euro 647,027 compared to Euro 2,083,120 at 31 December 2020. The table below provides details on the item.

Description	31/12/2021	31/12/2020	Variations
Non-current financial receivables from subsidiaries	-	919,597	(919,597)
Non-current financial receivables from parent companies	466,511	918,996	(452,485)
Non-current financial receivables from others	180,495	244,480	(63,985)
Financial derivative instruments	21	47	(26)
TOTAL	**647,027**	**2,083,120**	**(1,436,093)**

Non-current financial receivables from subsidiaries

The item "**Non-current financial receivables from subsidiaries**" at 31 December 2021 was completely zeroed compared to Euro 919,597 at 31 December 2020. The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variations
Exprivia Slu	-	710,942	(710,942)
Exprivia Asia	-	208,655	(208,655)
TOTAL	**-**	**919,597**	**(919,597)**

The decrease is attributable for Exprivia Asia Ltd to the transfer to current financial assets of the portion due in the next 12 months, while for Exprivia SLU it is due to the waiver of financial receivables occurred on 31 December 2021 (already commented in Note 4).

Non-current financial receivables from parent companies

The balance of the item "**Non-current financial receivables from parent companies**", amounting to Euro 466,511 at 31 December 2021, compared to Euro 918,996 at 31 December 2020, refers to the receivable due to the Parent Company Exprivia from its holding company Abaco Innovazione SpA as a result of the loan agreement stipulated by the parties in 2016. The loan, amounting to Euro 2,985,338, was disbursed in cash (Euro 1,680,000) and through the reclassification of receivables outstanding at 31 December 2015 (Euro 1,305,338). The loan term has been established as 7 equal, deferred, annual instalments with increasing principal repayments. The sixth instalment of Euro 452,484 is due on 4 April 2022; the amount was classified as "Receivables from parent companies" under "Other current financial assets" (Note 12). The receivable was increased by Euro 15,360 for interest accrued.

Non-current financial receivables from others

The balance of the item "**Non-current financial receivables from others**" at 31 December 2021 totalled Euro 180,495, compared to Euro 244,480 at 31 December 2020 and refers to medium/long-term guarantee deposits of Euro 84,715 and Euro 95,780 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

At 31 December 2021, the item "**derivative financial instruments**" amounted to Euro 21 compared to Euro 47 at 31 December 2020.

The derivative financial instruments are represented by instruments not listed on organised markets, subscribed for the purpose of hedging the interest rate risk. The fair value of these instruments was determined by an independent expert applying the Shifted Lognormal Model ("Displaced Diffusion Model") valuation model.

Following is the fair value of these derivative instruments at the reporting date:

Hedge Accounting	Operation date	Initial date	Expiry date	Value	Reference amount (values in Euro units)	Fair value (values in Euro units)
Interest Rate Cape - BNL	06/05/2016	30/06/2016	31/12/2022	EUR	753,846	8
Interest Rate Cape - BPM	11/05/2016	30/06/2016	30/12/2022	EUR	423,077	5
Interest Rate Cape - UNICREDIT	09/05/2016	30/06/2016	30/12/2022	EUR	753,846	8
TOTAL					**1,930,769**	**21**

With reference to the derivative instruments shown in the table above, it should be noted that the Company subscribed those financial instruments in order to neutralise the interest rate risk determined by an underlying variable interest rate loan (Euribor). These are cash flow hedges, measured at level 2 in the fair value hierarchy.

Changes in fair value, equal to Euro 26, relate to the time component and, therefore, were recognised in the income statement.

The sensitivity analysis conducted on the change in the fair value of derivatives after a shift in the yield curve shows that:

- with a change of + 0.5% and + 1%, the fair value of the above derivatives would be equal to Euro 129 and Euro 529, respectively
- with a change of -0.5% and -1%, the fair value would be basically nil.

Note 6 – Other Non-Current Assets

Other Non-Current Assets

The item "**Other non-current assets**" amounted to Euro 729,717 at 31 December 2021 compared to Euro 462,164 at 31 December 2020 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 676,981 for the suspension of costs pertaining to future years after 2022.

Note 7 – Prepaid Taxes

At 31 December 2021, the item "**prepaid taxes**" amounted to Euro 1,513,793 compared to Euro 1,598,106 at 31 December 2020. The table below provides details of the item, compared with the figures at 31 December 2020:

Description	31/12/2021		31/12/2020	
	Amount temporary differ	tax effect	Amount temporary differ	tax effect
Depreciation	798,787	191,709	285,424	68,502
Allowance for doubtful accounts	1,761,428	422,743	2,100,944	504,227
Fund risks	1,253,069	353,886	1,176,341	333,663
Adjustments for IFRS	785,088	182,161	785,088	182,161
Others	1,425,304	363,294	2,274,840	509,553
TOTAL	**6,023,676**	**1,513,793**	**6,622,637**	**1,598,106**

The item "**Others**" refers, for Euro 1,073,376, to provisions for staff bonuses still not paid at 31 December 2021 (tax effect of Euro 257,610), for Euro 296,761 to fair value changes in FVOCI instruments (tax effect of Euro 12,167), for Euro 40,235 to inventory write-downs (tax effect of Euro 9,656) and for Euro 235,552 to the effect of the application of IFRS 15 (tax effect of Euro 67,132) and for the remaining part to the effect deriving from the application of IFRS 16 (tax effect of Euro 16,728).

The table below shows the changes in 2021:

Descrizione	Value at 31 december 2020	Increases	Uses	Value at 31 december 2021
Depreciation	68,502	123,207		191,709
Allowance for doubtful accounts	504,227		- 81,484	422,743
Fund risks	333,663	103,201	- 82,978	353,886
Adjustments for IFRS	182,161			182,161
Others	509,553	237,203	- 383,462	363,293
TOTAL	**1,598,106**	**463,611**	**- 547,924**	**1,513,793**

CURRENT ASSETS

Note 8 – Trade Receivables

The item "**Trade receivables**" went from Euro 45,112,927 at 31 December 2020 to Euro 49,647,329 at 31 December 2021.

The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variations
Trade receivables from customers	47,952,146	43,013,340	4,938,805
Trade receivables from subsidiaries	1,559,222	2,067,015	(507,794)
Trade receivables from associated companies	96,095		96,095
Trade receivables from parent companies	39,867	32,572	7,295
TOTAL	**49,647,329**	**45,112,927**	**4,534,402**

Trade receivables from customers

"**Trade receivables from customers**" went from Euro 43,013,340 at 31 December 2020 to a total of Euro 47,952,146 at 31 December 2021 and are recorded under assets net of the bad debt provision of Euro 1,601,226 as an adjustment for the risk of doubtful debts.

The table below provides details on the composition of the year-end balance.

Description	31/12/2021	31/12/2020	Variation
To Italian customers	40,380,212	34,138,800	6,241,412
To foreign customers	1,773,601	1,577,426	196,174
To public bodies	7,399,559	9,398,057	(1,998,498)
S-total receivables to customers	**49,553,372**	**45,114,283**	**4,439,088**
Less: provision for bad debts	(1,601,226)	(2,100,943)	499,717
Total receivables to customers	**47,952,146**	**43,013,340**	**4,938,804**

The change in the bad debt provision, amounting to Euro 499,717, is mainly attributable to the release of the provision in accordance with IFRS 9 (Euro 176,920) and the use of the provision for trade receivables (Euro 322,797).

The table below shows the changes in 2021 relating to the bad debt provision:

Description		31/12/2021
Opening balance as of 31 December 2020		2,100,943
Accruals		-
Decreases	-	322,797
Releases	-	176,920
Closing balance as of 31 December 2021		1,601,226

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

Details	31/12/2021	31/12/2020	Variation
To third parties	35,260,582	33,648,599	1,611,983
Invoices for issue to third parties	14,292,790	11,465,685	2,827,105
TOTAL	**49,553,372**	**45,114,284**	**4,439,088**

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 2021 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 expire	due	days past due 1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	beyond	Allowance for doubtful accounts	Net recivables
35,260,582	28,104,884	7,155,698	826,267	1,270,155	327,809	173,830	331,856	437,044	764,260	3,024,477	(1,601,226)	33,659,356
100.0%	80%	20%	2%	4%	1%	0%	1%	1%	2%	9%		

Trade receivables from subsidiaries

The item "**Trade receivables from subsidiaries**" at 31 December 2021 amounted to Euro 1,559,222 compared to Euro 2,067,015 in the previous year.

The table below provides details on this item:

Description	31/12/2021	31/12/2020	Variation
Consorzio Exprivia	149,848	614,811	(464,963)
Exprivia Messico SA de CV	46,667	15,751	30,916
Exprivia Projects Srl	499,755	581,350	(81,595)
Exprivia SLU	644,634	648,801	(4,167)
Exprivia Do Brasil	3,943		3,943
Spegea S. c. a.r.l.	90,180	54,312	35,868
ACS DE Gmbh	60,002	140,002	(80,000)
HR Coffee	6,588	11,988	(5,400)
Exprivia Shanghai	57,605		57,605
TOTAL	**1,559,222**	**2,067,015**	**(507,793)**

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 parent companies

The balance of item "**trade receivables from parent companies**" at 31 December 2021 amounted to Euro 39,867 compared to Euro 32,572 at 31 December 2020 and refers to receivables for administrative services of Exprivia recharged to the holding company Abaco Innovazione SpA.

Note 9 – Inventories

At 31 December 2021, the item "**inventories**" amounted to Euro 880,706 compared with Euro 1,052,244 at 31 December 2020 and refers to software and hardware products held for sale.

Note 10 – Work in Progress Contracts

At 31 December 2021, the balance of "**work in progress contracts**" amounted to Euro 22,172,390 compared to Euro 20,992,341 at 31 December 2020 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	31/12/2021	31/12/2020	Variation
Work in progress (gross)	66,681,079	52,277,316	14,403,763
Advances from clients	(44,508,689)	(31,284,975)	(13,223,714)
Works in progress on ordination	**22,172,390**	**20,992,341**	**1,180,049**
Advances from clients (gross)	(52,918,073)	(32,897,879)	(20,020,194)
Works in progress	48,171,817	29,082,847	19,088,970
Advances on work in progress to order	**(4,746,256)**	**(3,815,032)**	**(931,224)**

Note 11 – Other Current Assets

The balance of "**Other current assets**" at 31 December 2021 amounted to Euro 8,533,114 compared with Euro 8,728,954 at 31 December 2020.

The table below provides details on the items

Description	31/12/2021	31/12/2020	Variations
Other receivables from subsidiaries	343,089	64,425	278,664
Tax credits	1,184,115	1,131,195	52,920
Other current assets	7,005,910	7,533,334	(527,424)
TOTAL	**8,533,114**	**8,728,954**	**(195,840)**

Other Receivables from Subsidiaries

At 31 December 2021, "**Other receivables from subsidiaries**" amounted to Euro 343,089, compared with Euro 64,425 at 31 December 2020, and refer to the receivables claimed by Exprivia from its subsidiaries as a result of participation in tax consolidation and as a result of participation in the VAT Group.

The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variazioni
Receivables from Exprivia Projects for IRES from tax consolidation	122,449	63,286	59,163
Receivables from Exprivia Projects for VAT	220,640	-	220,640
eceivable from Spegea for IRES from tax consolidation		1,139	(1,139)
TOTAL	**343,089**	**64,425**	**278,664**

Tax receivables

At 31 December 2021, the item "**tax receivables**" amounted to Euro 1,184,115 compared to Euro 1,131,195 at 31 December 2020. The table below provides a breakdown and a comparison with the previous year:

Description	31/12/2021	31/12/2020	Variation
Receivables to tax a/c - IRES	-	28,663	(28,663)
Receivables for irap application on ires	68,733	65,806	2,927
Tax authority deductions on foreign payments	236,717	251,067	(14,350)
Credits to tax authority for VAT	20,813	20,813	-
Credits with tax authority	857,852	764,846	93,006
TOTAL	**1,184,115**	**1,131,195**	**52,920**

Other current assets

The balance of "**Other current assets**" at 31 December 2021 amounted to Euro 7,005,910 compared with Euro 7,533,334 at 31 December 2020.

The table below provides details on the item and respective changes:

Description	31/12/2021	31/12/2020	Variation
Government grants	5.012.475	5.378.445	(365.970)
Advances to suppliers for services	6.994	6.994	-
Sundry credits	344.268	104.363	239.905
Receivables to welfare institutes/INAIL	211.784	228.298	(16.514)
Costs in future years expertise	1.430.389	1.815.233	(384.844)
TOTAL	**7.005.910**	**7.533.334**	**(527.424)**

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 1,085,085 for any minor grants that might not be received.

The item "**costs in future years expertise**" for Euro 1,430,389 mainly refers to maintenance costs pertaining to future periods.

Note 12 – Other Current Financial Assets

The item "**Other current financial assets**" at 31 December 2021 amounted to Euro 3,044,532 compared with Euro 3,511,238 at 31 December 2020.

The table below provides details on the item.

Description	31/12/2021	31/12/2020	Variation
Receivables from others	236,628	249,460	(12,832)
Receivables from subsidiaries	2,340,059	2,798,483	(458,424)
Receivables from parent companies	467,845	463,296	4,549
TOTAL	**3,044,532**	**3,511,238**	**(466,706)**

Receivables from others

The balance of "**Receivables from others**" at 31 December 2021 amounted to Euro 236,628 compared to Euro 249,460 at 31 December 2020; the details are as follows:

Description	31/12/2021	31/12/2020	Variation
Security deposits	23,579	23,120	459
Other credits	213,049	226,340	(13,291)
TOTAL	**236,628**	**249,460**	**(12,832)**

To be noted is that the item "Other receivables" includes secured deposits for guarantees undertaken in favour of banks.

Receivables from subsidiaries

At 31 December 2021, the balance of "**Receivables from subsidiaries**" amounted to Euro 2,340,059, compared with Euro 2,798,483 at 31 December 2020, 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	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	674,397	674,397	-
Exprivia Messico Sa de CV	736,433	510,163	226,270
Exprivia Asia Ltd	913,621	681,516	232,105
Exprivia SLU	15,608	932,407	(916,799)
TOTAL	**2,340,059**	**2,798,483**	**(458,424)**

Receivables from parent companies

At 31 December 2021, the balance of "**Receivables from parent companies**" amounted to Euro 467,845 compared to Euro 463,296 at 31 December 2020 and related to the current portion of the Parent Company's financial receivable due from the holding company Abaco Innovazione SpA, inclusive of interest accrued during the period (Euro 15,360).

Note 13 – Cash and Cash Equivalents

At 31 December 2021, the balance of "**cash and cash equivalents**" amounted to Euro 15,878,263 compared with Euro 26,069,253 at 31 December 2020 and refers to Euro 15,840,780 held at banks and Euro 37,483 in cash on hand. To be noted is that the bank balance does not include, at 31 December 2021, 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 2021, compared to Euro 205,460 at 31 December 2020. 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 2021;

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

The decrease is due for Euro 203,049 thousand to the repayment, due to natural maturity on 30 December 2021, of the following financial instruments, entirely repaid:

- 200,562 "Banca Popolare di Bari 6.50% 2014/2021 subordinate Tier II" bonds for Euro 6.00 each, for a total of Euro 203,049 at 31 December 2020.

SHAREHOLDERS' EQUITY

Note 15 – Share Capital

"**Share capital**", fully paid up, amounted to Euro 24,615,694 thousand and is unchanged compared to 31 December 2020. The share capital is represented by 51,883,958 ordinary shares with a par value of Euro 0.52 each for a total of Euro 26,979,658, net of 4,546,084 treasury shares held at 31 December 2021, with a value of Euro 2,363,964.

Exprivia Shares held directly by members of the Board of Directors

At 31 December 2021, Domenico Favuzzi, Chairman and CEO of Exprivia, directly held 316,834 Exprivia shares. In addition, 8,400 Exprivia shares were held by the Vice-Chairman Dante Altomare and 7,000 shares by the director Ms Valeria Savelli.

None of the other members 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 2021, the "**share premium reserve**" amounted to Euro 18,081,738 and is the same as 31 December 2019.

Note 15 – Revaluation Reserve

At 31 December 2021, the "**revaluation reserve**" amounted to Euro 2,907,138 and is the same as 31 December 2020. 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 Decree Law no. 104 of 14 August 2020, art. 110, paragraph 8, by reference to paragraph 1 of art. 14 of Law no. 342/00.

Note 15 – Legal Reserve

At 31 December 2020, the "**legal reserve**" amounted to Euro 4,681,896 compared with Euro 4,170,518 at 31 December 2020. The change is attributable to the allocation of the result of the previous year as resolved by the Shareholders' Meeting of 23 June 2021.

Note 15 – Other Reserves

The balance of the item "**other reserves**" amounted to Euro 15,899,313 at 31 December 2021 compared to Euro 28,968,816 at 31 December 2020 and is composed of:

- Euro 10,004,443 compared to Euro 19,317,871 at 31 December 2020 for the **extraordinary reserve**. The change is attributable, in accordance with the resolution of the Shareholders' Meeting of 23 June 2021, to the allocation of part of the 2019 loss (of Euro 19,317,871), to the allocation of the 2020 profit (of Euro 9,716,184), to the release of the restricted reserve amounting to Euro 4,527,025 following the conclusion of the Digital Future research project and to the placing of a restriction amounting to Euro 4,238,766 for the Secure Safe Apulia investment programme.
- Euro 5,894,870 for the **other reserves** compared to Euro 9,650,945 at 31 December 2020. Changes in 2021 refer to:
    - the positive 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 79,548;
    - the negative effect on shareholders' equity of the allocation of part of the 2019 loss, as resolved by the Shareholders' Meeting of 23 June 2021, in the amount of Euro 3,546,704;
    - the net negative effect of Euro 288,259 arising from the release of the restricted reserve of Euro 4,527,025 following the conclusion of the Digital Future research project and the placing of a restriction of Euro 4,238,766 on the Secure Safe Apulia investment programme;
    - the negative effect on the shareholders' equity deriving from the financial assets classified as FVOCI for Euro 660.

Note 15 – Profit/Loss from Previous Periods

The item "**Profit/Loss from Previous Periods**", at 31 December 2021, was completely zeroed as a result of the allocation of the 2019 result as resolved by the Shareholders' Meeting of 23 June 2021.

NON-CURRENT LIABILITIES

Note 16 – Non-Current Bond Issues

The balance at 31 December 2021 was Euro 9,155,613 compared to 13,672,936 at 31 December 2020 and relates to the non-current portion of the bond issued entitled "Exprivia - 5.80% 2017 - 2023", which the Parent Company issued to finance the subscription by Exprivia of 81% of Italtel's share capital.

The unsecured bond is made up of 230 bearer securities with a par value of Euro 100,000.00 each, at a fixed rate of 5.8% per annum (which may be increased or decreased in relation to the value of the NFP/EBITDA financial covenant), with deferred six-month coupons reimbursed on par and a non-linear amortising repayment plan which envisages the repayment of 20% of the principal for each year as from 2020 and the remaining 40% in 2023.

The Bond Regulation envisages customary covenants in accordance with market practices for similar transactions.

The Bond was subscribed by the following parties:

1) 80 securities by Anthilia Capital Partners SGR SpA;

2) 65 securities by Banca Popolare di Bari S.c.p.a.;

3) 15 securities by Consultinvest Asset Management SGR SpA;

4) 10 securities by Confidi Systema! S.c.;

5) 60 securities by Mediobanca SGR SpA.

The securities have been placed in the centralised management system of Monte Titoli SpA and have been admitted for listing in the multilateral trading system managed by Borsa Italiana SpA, ExtraMOT market PRO segment reserved for professional investors.

The trading Admission Document and the Bond Regulation are available on the Company's website at the following address www.exprivia.it, "Corporate - Investor Relations - Exprivia Bond" section.

The bond envisages the observance of the financial covenants relating to the NFP/SE and NFP/EBITDA ratios as listed below, for the entire duration:

Reference date	Net Financial Position/Shareholders' Equity	Net Financial Position/EBITDA
31.12.2021	≤ 1.0	≤ 4.0
31.12.2022	≤ 1.0	≤ 4.0

These financial covenants are calculated on a consolidated basis excluding Italtel and all of its direct or indirect subsidiaries, and refer to the 12 months prior to the reference date, using the normal calculation criteria agreed between the parties.

At 31 December 2021, the covenants had been met.

It should be noted that, on the Calculation Date of 31 December 2020 relating to the financial year 2020, the NFP/Ebitda Financial Covenant was lower than the limit of 3.6 set forth in art. 7 of the Loan Regulation, therefore the annual interest rate for the year 2021 decreased from 5.80% to 5.30%.

Note 17 - Non-current payables to banks

At 31 December 2021, the balance of the item "**non-current payables to banks**" amounted to Euro 20,375,906 compared to Euro 25,565,877 at 31 December 2020, 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 20,375,906) and the current portion (Euro 9,179,601) of the payable.

Financial Institute	Typology	Contract amount	Amount paid 31.12.2019	Date contract	Expiration date	Repayment installment	Rate applied	Residual capital 31.12.2021	To be repaid within 12 months	To be repaid over 12 months
Pool – Capofila Banca Nazionale del Lavoro	Financing	25,000,000	25,000,000	01/04/2016	31/12/2022	semi-annual	Euribor + 2.4%	3,816,848	3,816,848	
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%	19,719,125	1,113,344	18,605,781
Banca del Mezzogiorno Mediocredito Centrale	Financing	3,500,000	3,500,000	23/06/2017	23/06/2027	quarterly	Euribor + 2.75%	1,916,382	1,916,382	
Banca Popolare Puglia e Basilicata	Financing	2,000,000	2,000,000	24/03/2017	a revoca	single payment	2.07%	2,000,000	2,000,000	
Ministero dello Sviluppo Economico NCUP	Financing	863,478	863,478	14/09/2016	17/11/2025	annual	0.31%	413,617	99,758	313,860
Ministero dello Sviluppo Economico Horizon 2020	Financing	929,129	593,845	16/02/2017	30/06/2026	half-yearly	0.80%	432,797	88,186	344,611
Ministero dello Sviluppo Economico MISE progetto Instamed	Financing	455,048	455,048	27/09/2019	30/06/2029	half-yearly	0.16%	399,447	46,929	352,518
Ministero dello Sviluppo Economico MISE progetto Prosit	Financing	503,525	503,525	05/02/2020	31/12/2029	half-yearly	0.17	468,754	51,250	417,504
Ministero dello Sviluppo Economico MISE progetto Bigimaging	Financing	335,904	335,904	14/10/2019	30/06/2029	half-yearly	0.16%	284,733	34,642	250,090
Ministero dello Sviluppo Economico FINDUSTRY 4.0	Financing	353,207	110,182	23/04/2021	31/12/2029	half-yearly	0.18%	103,804	12,262	91,542
Totale								**29,555,507**	**9,179,601**	**20,375,906**

Medium-Term Loan Agreement

On 1 April 2016, Exprivia stipulated a medium-term loan for a total of Euro 25,000,000 with a pool of banks comprising BNL and Unicredit, also as lead bank and lead arranger, and Banca Popolare di Bari and Banca Popolare di Milano, consisting of a single cash credit line to be repaid by 31 December 2022, at an annual rate equal to the Euribor plus a 2.40% spread, to which one-off fees of 1.40% were also added when the agreement was executed.

The Loan is backed by ordinary guarantees typical of transactions of this type, including the guarantee issued by SACE SpA in the amount of Euro 6 million, in addition to guarantees issued by the Holding Company Abaco Innovazione SpA, described in more detail in the Disclosure Document prepared pursuant to art. 5, first paragraph, of the CONSOB Regulation, which was published on 8 April 2016 on the Company's website in the "Corporate - Corporate Governance - Corporate Information" section.

The Loan has the standard market conditions for loans of an equal amount and term, such as: representations and warranties, covenants (pari passu, negative pledge, etc.), limitations on significant extraordinary transactions (with the exception of inter-company transactions, which are exclusively allowed within the corporate scope applicable at 1 April 2016, and smaller transactions), the obligation to maintain adequate insurance coverage, compulsory and optional early repayment clauses, cross defaults, etc.

Lastly, the Loan also includes a limitation on the distribution of dividends, which cannot exceed 25% of the net profit.

The Loan also includes several financial covenants - Net financial debt/EBITDA, Net financial debt/Own funds, EBITDA/Net financial charges - which were amended further to the authorisation to acquire Italtel granted by the banks in the pool in July 2017, and which will be measured on a half-yearly basis, as well as limitations on total investments and the acquisition of treasury shares, as described in more detail in the table below:

Reference date	Net financial debt/EBITDA	Net financial debt/Own funds	EBITDA/Net financial charges	Investments
31.12.2021	≤ 4.0	≤ 1.0	≥ 4.0	≤ 6.0 ml
30.06.2022	≤ 4.0	≤ 1.0	≥ 4.0	≤ 6.0 ml

These financial covenants calculated on a consolidated basis must be communicated by 30 April and 30 September of each year and will refer to the previous 12 months respectively at 30 June and 31 December of each year, using the normal calculation criteria agreed between the parties.

The financial covenant "Investments" does not take account of any revaluations, of the acquisitions of equity investments exempt from authorisation or those subject to a specific written authorisation issued by banks.

At 31 December 2021, the remaining debt amounted to Euro 3,816,848 to be repaid within twelve months (carried under current liabilities).

At 31 December 2021, the financial covenants had been met.

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 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, (Decree Law no. 23 of 8 April 2020 converted into 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; 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
31.12.2021	≤ 4.0	≤ 1.0
31.12.2022	≤ 2.7	≤ 0.7
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.

At 31 December 2021, the financial covenants had been met.

At 31 December 2021, the residual debt amounted to Euro 19,719,125, Euro 18,605,781 of which is to be repaid in 2023-2026 (and recorded under non-current liabilities) and Euro 1,113,344 to be repaid within the next twelve 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 Company 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 + a 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 2021.

The residual debt at 31 December 2021 amounted to Euro 1,916,382, 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 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

Loan agreement totalling Euro 863,478 resolved in favour of Exprivia (formerly Exprivia Healthcare IT Srl), of which the full amount approved was disbursed at 31 December 2021. The purpose of the loan was to fund a research and development project pursuant to

financial law 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%.

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 593,845 at 31 December 2021. 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%.

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 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%.

Low-interest loan from the Ministry of Economic Development - Bigimaging Project

Low-interest loan approved and disbursed on 14 October 2019 for Euro 335,904 in favour of Exprivia. The loan requires repayment in six-month instalments maturing on 30 June 2029 and bears

a below-market fixed rate of interest of 0.16%.

Low-interest loan from the Ministry of Economic Development - Prosit Project

Low-interest loan approved and disbursed on 5 February 2020 for Euro 503,525 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%.

Low-interest loan from the Ministry of Economic Development - Finindustry Project

Low-interest loan approved for Euro 353,207 and disbursed on 23 April 2021 in the amount of Euro 110,182 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%.

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.

Amount in Euro			
		31.12.2021	31.12.2020
A.	Cash	37,483	41,869
B.	Other liquid assets	15,840,780	26,027,384
C 1.	Securities held for trading	2,411	205,460
C 2.	Own shares	3,311,960	3,311,960
D	**Liquid (A)+(B)+(C)**	**19,192,634**	**29,586,673**
E.	**Current financial receivables**	**3,044,532**	**3,511,238**
F.	Current bank debts	(7,773,314)	(16,793,254)
G.	Current portion of non-current bank debts	(5,997,758)	(8,627,365)
H.	Other current financial debts	(4,899,514)	(6,590,231)
I.	**Current financial debts (F) + (G) + (H)**	**(18,670,586)**	**(32,010,849)**
J.	**Net current financial debts (I) + (E) + (D)**	**3,566,580**	**1,087,063**
K.	Non-current bank debts	(20,375,906)	(25,565,878)
L.	Bond	(9,155,613)	(13,672,936)
M.	Other non- current financial payables net of non-current financial recivables and derivate financial istruments	(3,211,220)	(1,823,402)
N.	**Non-current financial debts (K) + (L) + (M)**	**(32,742,739)**	**(41,062,216)**
O.	**Net financial debits (J) + (N)**	**(29,176,159)**	**(39,975,154)**

Treasury shares held by the Company (Euro 3,311,960) 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:

	01.01.2021	Monetary flows	Non-monetary flows	31.12.2021
Current financial receivables	3,511,238	793,383	(1,260,089)	3,044,532
Current bank debts and current portion of non-current bank debts	(25,420,619)	11,649,547	0	(13,771,072)
Other current financial debts	(6,590,230)	1,690,716	0	(4,899,514)
Non-current bank debts	(25,565,878)	5,189,972	0	(20,375,906)
Bond	(13,672,936)	4,517,323	0	(9,155,613)
Other non-current net financial payables	(1,823,402)	1,065,711	(2,453,529)	(3,211,220)
Net liabilities from financing activities	**(69,561,827)**	**24,906,652** (*)	**(3,713,618)**	**(48,368,793)**
Liquid	29,586,673 (**)	(10,394,039)	0	19,192,634
Net current financial debts	**(39,975,154)**	**14,512,613**	**(3,713,618)**	**(29,176,159)**

(*) 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 18 – Other Non-Current Financial Liabilities

At 31 December 2021, the item "**Other non-current financial liabilities**" amounted to Euro 3,858,247 compared to Euro 3,906,522 at 31 December 2020.

Description	31/12/2021	31/12/2020	Variation
Non-current financial payables for leasing	3,660,593	3,881,534	(220,941)
Debts sold to other lenders	10,000	10,000	-
Non-current derivative financial instruments	187,654	14,988	172,666
TOTAL	**3,858,247**	**3,906,522**	**(48,275)**

At 31 December 2021, the item "**Non-current financial payables for leasing"** amounted to Euro 3,660,593 compared with Euro 3,881,534 at 31 December 2020 and refers to the medium/long-term portion of the amount due to leasing companies.

The item **"Non-current derivative financial instruments"** at 31 December 2021 is Euro 187,654 compared with 14,988 at 31 December 2019 and refers:

- for Euro 5,937 to a derivative product subscribed by the Parent Company 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.
- for Euro 181,717 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.

As regards the derivative product equal to Euro 5,937, 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 negative Euro 626 and a positive Euro 4,619, respectively;
- with a change of -0.5% and -1%, the fair value would be negative for Euro 11,300 and Euro 16,714.

This is an instrument valued at fair value level 2.

Note 19 – Other Non-Current Liabilities

At 31 December 2021, the balance of the item "**Other non-current liabilities**" amounted to Euro 393,543 compared to Euro 933,430 at 31 December 2020.

Descrizione	31/12/2021	31/12/2020	Variazioni
Debiti verso istituti previdenza e sicurezza sociale non correnti	-	7.430	(7.430)
Debiti tributari non correnti	393.543	926.000	(532.457)
TOTALI	**393.543**	**933.430**	**(539.887)**

Non-current payables to welfare and social security institutions

The balance of the item "**Non-current payables to welfare and social security institutions**" at 31 December 2021 was completely zeroed compared to Euro 7,430 at 31 December 2020. The change compared to the previous year is attributable to the reclassification of the payable from the non-current portion to the current portion for instalments due in 2022.

Non-current tax payables

The balance of the item "**Non-current tax payables**" at 31 December 2021 amounted to Euro 393,543 compared to Euro 926,000 at 31 December 2020 and refers to the long-term portion relating to tax payment slips received and in relation to which instalment payment plans have been agreed. The change compared to the previous year is attributable to the reclassification of the payable from the non-current portion to the current portion for instalments due in 2022.

These payables are due to the contribution of Advanced Computer Systems A.C.S. Srl merged by incorporation into Exprivia in December 2018.

Note 20 – Provisions for Risks and Charges

The balance of the item "**Provisions for risks and charges**" at 31 December 2021 amounted to Euro 145,702 compared to Euro 324,008 at 31 December 2020 and refers for Euro 89,702 to provisions for risks on loss-making contracts and Euro 56,000 to provisions relating to disputes with former employees. The change is mainly due to the decrease in the provision for risks on loss-making contracts.

Note 21 – Employee Provisions

Employee severance indemnity fund

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 2021 amounted to Euro 7,785,101 compared with Euro 8,479,090 at 31 December 2020.

The following table shows changes in the provision in the year.

Initial existence as of January 1, 2021	**8,479,090**
Interest Cost	27,780
Uses / liquidations of the exercise	(617,100)
(Profit) actuarial losses	(104,669)
Final existence as of December 31, 2021	**7,785,101**

The table below shows the changes in the fund in 2021:

Description	31/12/2021	31/12/2020
Initial value as of January 1st	**8,479,090**	**9,097,863**
Movements transited from the Income Statement:	**27,780**	**66,370**
- cost relating to current work services	0	0
- cost related to past work performance	0	0
- interest expense / (assets)	27,780	66,370
(Profit) actuarial losses	**(104,669)**	**271,611**
- actuarial (gains) / losses deriving from changes in demographic assumptions	0	0
actuarial (gains) / losses deriving from changes in financial assumptions	(342,061)	301,812
- effect of adjustments based on past experience	237,392	(30,201)
Benefits paid	**(617,100)**	**(956,754)**
Final value as of December 31st	**7,785,101**	**8,479,090**

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	31/12/2021	31/12/2020
Discount rate	0.98%	0.34%
Inflation rate	1.20%	1.00%
Annual rate of wage growth	2.70%	2.50%
Annual rate of TFR growth	2.40%	2.25%
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:

Sentimentality analysis					
Defined Benefit Plan - Employees' leaving indemnities (TFR) - 31 December 2021					
Discount rate		Inflation rate		Annual turnover rate	
0.50%	-0.50%	0.25%	-0.25%	2.00%	-2.00%
7,479,276	8,110,534	7,876,983	7,694,439	7,716,638	7,855,335
Impact on post employment benefits					
(305,825)	325,433	91,882	(90,662)	(68,463)	70,234

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

(in euro)	within 1 year	1 to 2 years	3 to 5 years	over 5 years	Total
Employees' leaving indemnities (TFR)	588,370	1,003,830	995,989	5,863,136	8,451,325

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 worker (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 period, 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 22 – Deferred Tax Liabilities

Provisions for Deferred Taxes

The item "**Deferred tax liabilities**" at 31 December 2021 amounted to Euro 1,582,409 compared to Euro 1,456,338 at 31 December 2020. The increase of Euro 126,071 is mainly attributable, for Euro 100,950, to the release of amortisation on goodwill deductible for tax purposes.

Description	31/12/2021		31/12/2020	
	Amount temporary differences	Tax effect	Amount temporary differences	Tax effect
TFR	(130,881)	(15,612)	(235,550)	(40,732)
Goodwill	5,136,173	1,460,728	4,781,215	1,359,777
Buildings	382,048	105,063	382,048	105,063
Adjustments for IFRS	113,087	32,230	113,087	32,230
TOTAL	**5,500,427**	**1,582,409**	**5,040,800**	**1,456,338**

The following table shows the changes during the year:

Description	Value at 31 December 2020	Increases	Uses	Value at 31 December 2021
Defined benefit plant	(40,732)	25,120		(15,612)
Goodwill	1,359,777	100,951		1,460,728
Buildings	105,063			105,063
Adjustments for IFRS	32,230			32,230
TOTAL	**1,456,338**	**126,071**	-	**1,582,409**

CURRENT LIABILITIES

Note 23 – Current Bond Issues

"**Current bond issues**" amounted to Euro 4,551,388 at 31 December 2021, compared with Euro 4,536,055 at 31 December 2020 and referred to the current portion of the bond loan issued by Exprivia (for further details, please refer to note 16).

Note 24 – Current Payables to Banks

At 31 December 2021, the balance of the item "**current payables to banks**" amounted to Euro 9,219,683 compared with Euro 20,884,564 at 31 December 2020. Euro 9,179,601 refers to the current amount of payables for loans and mortgages (as already described under the item "**non-current payables to banks**" in note 17 and Euro 40,082 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 25 – Trade Payables

The item "**Trade payables**" amounted to Euro 27,375,433 at 31 December 2021 compared to Euro 25,157,940 at 31 December 2020.

Description	31/12/2021	31/12/2020	Variation
Trade payables to suppliers	26,878,816	23,924,872	2,953,944
Trade payables to subsidiaries	446,508	1,072,737	(626,229)
Trade payables to associated companies	50,109	160,331	(110,222)
TOTAL	**27,375,433**	**25,157,940**	**2,217,493**

Trade payables to suppliers

The item **"trade payables to suppliers"** amounted to Euro 26,878,816 at 31 December 2021 compared to Euro 23,924,872 at 31 December 2020. The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Invoices received Italy	18,877,102	14,992,194	3,884,908
Invoices received foreing	1,380,592	1,379,333	1,259
Invoices to consultants	163,110	237,818	(74,708)
Invoices to be received	6,458,012	7,315,527	(857,515)
TOTAL	**26,878,816**	**23,924,872**	**2,953,944**

The table below provides details on the payables by due date, net of invoices to be received:

Trade payables	in expire	due	days past due 1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	beyond
(20,420,804)	(15,967,048)	(4,453,756)	(1,628,844)	(500,193)	(285,742)	(341,574)	(296,928)	42,254	(134,965)	(1,307,764)
100.0%	78%	22%	8%	2%	1%	2%	1%	0%	1%	6%

Trade payables to subsidiaries

At 31 December 2021, the item "**Trade payables to subsidiaries**" amounted to Euro 446,508 compared with Euro 1,072,737 at 31 December 2020 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	31/12/2021	31/12/2020	Variation
Exprivia Messico SA De CV	-	780	(780)
Exprivia Projects Srl	152,990	841,453	(688,463)
Consorzio Exprivia Scarl	4,900	-	4,900
HR COFFEE Srl	70,254	-	70,254
Exprivia SLU	6,107	-	6,107
ACS GMBH	164,947	171,575	(6,628)
Spegea S.c. a r.l.	44,310	55,929	(11,619)
Exprivia do Brasil	3,000	3,000	-
TOTAL	**446,508**	**1,072,737**	**(626,229)**

Trade Payables to Associated Companies

At 31 December 2021, the item "**Trade payables to associated companies**" amounted to Euro 50,109 compared with Euro 160,331 at 31 December 2020 and refers to commercial transactions between the Company and its associate Quest.it Srl at normal market conditions, governed by specific agreements.

Note 26 – Advance Payments on Work in Progress Contracts

At 31 December 2021, the balance of the item "**Advance payments on work in progress contracts**" amounted to Euro 4,746,256 compared with Euro 3,815,032 at 31 December 2020 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 27 – Other Financial Liabilities

The balance of the item "**Other financial liabilities**" at 31 December 2021 amounted to Euro 4,899,514 compared with Euro 6,590,231 at 31 December 2020.

Description	31/12/2021	31/12/2020	Variation
Financial payables to subsidiaries	2,710,042	2,812,890	(102,848)
Payables for the purchase of equity investments	-	980,001	(980,001)
Payables to others	393,215	941,666	(548,451)
Payables to suppliers of leasing goods	1,796,257	1,855,674	(59,417)
TOTAL	**4,899,514**	**6,590,231**	**(1,690,717)**

Financial payables to subsidiaries

At 31 December 2021, "**financial payables to subsidiaries**" amounted to Euro 2,710,042 compared with Euro 2,812,890 at 31 December 2020 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 2021 refers entirely to cash pooling transactions; the details are as follows.

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	2,706,405	2,651,907	54,498
Spegea S.c. a r.l.	3,637	160,983	(157,346)
TOTAL	**2,710,042**	**2,812,890**	**(102,848)**

Payables for the purchase of equity investments

The item "**payables for the purchase of equity investments**" was completely zeroed compared to Euro 980,000 at 31 December 2020, the change is attributable to the payment made in 2021 for the purchase of the remaining 47.7% of the capital of the subsidiary Exprivia do Brasil.

Payables to others

The balance of "**Payables to others**" at 31 December 2021 amounted to Euro 393,215 compared to Euro 941,666 at 31 December 2020. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Payables to Factoring	-	135,540	(135,540)
Financial payables to others	393,215	806,126	(412,911)
TOTAL	**393,215**	**941,666**	**(548,451)**

The balance of "**financial payables to others**" at 31 December 2021 amounted to Euro 393,215, compared to Euro 806,126 at 31 December 2020, and mainly refers to financial advances received from customers.

Payables to suppliers of leasing goods

The balance of "**payables to suppliers of leasing goods**" at 31 December 2021 amounted to Euro 1,796,257 compared to Euro 1,855,674 at 31 December 2020.

Note 28 – Other Current Liabilities

The balance of "**Other current liabilities**" at 31 December 2021 amounted to Euro 35,745,842 compared with Euro 32,632,301 at 31 December 2020.

The table below provides details on the items:

Description	31/12/2021	31/12/2020	Variation
Payables to welfare and social security institutions	7,521,430	6,777,776	743,654
Tax payables	6,823,578	4,935,462	1,888,116
Payables to subsidiaries	125,609	224,019	(98,410)
Other debts	21,275,225	20,695,044	580,181
TOTAL	**35,745,842**	**32,632,301**	**3,113,541**

Payables to welfare and social security institutions

At 31 December 2021, the balance of "**Payables to welfare and social security institutions**" amounted to Euro 7,521,430 compared with Euro 6,777,776 at 31 December 2020. The table below shows the breakdown and comparison with 2020.

Description	31/12/2021	31/12/2020	Variation
INPS with contributions	3,641,003	3,700,030	(59,027)
Payables to pension funds	316,617	294,265	22,352
Enter other social security and welfare	157,696	154,473	3,224
Payables for penalties and interest	3,406,114	2,629,008	777,106
TOTAL	**7,521,430**	**6,777,776**	**743,654**

Tax payables

The item "**tax payables**" amounted to Euro 6,823,578 at 31 December 2021 compared to Euro 4,935,462 at 31 December 2020. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Payables to tax authority for VAT	1.725.268	568.584	1.156.684
Payables to tax authority for IRAP	268.734	142.609	126.125
Payables to tax authority for IRES	913.837	-	913.837
Payables to tax authority for IRPEF employees	3.197.083	3.087.170	109.913
Payables to tax authority for IRPEF freelance workers	5.964	13.709	(7.745)
Payables to tax authority for IRPEF collaborators	48.689	39.789	8.900
Other payables to the tax authorities	654.805	1.070.405	(415.600)
Payables to tax authority for interest and penalties	9.198	13.196	(3.998)
TOTAL	**6.823.578**	**4.935.462**	**1.888.116**

"**Other payables to the tax authorities**" include the current portion of the company's accrued tax payments (Euro 532,457) relating to IRPEF taxes for the years 2014 and 2016.

Payables to subsidiaries

The item "payables to subsidiaries" amounted to Euro 125,609 at 31 December 2021 compared to Euro 224,019 at 31 December 2020. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Spegea for consolidated ires	2,286	-	2,286
Exprivia Projects for VAT	-	271	(271)
Consorzio Exprivia for VAT	-	134,420	(134,420)
HR Coffee for consolidated ires	123,323	89,328	33,995
TOTAL	**125,609**	**224,019**	**(98,410)**

Other payables

At 31 December 2021, the item "**other payables**" amounted to Euro 21,275,225 compared with Euro 20,695,044 at 31 December 2020.

The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Directors' pay for settlement	37,551	28,307	9,244
Employees/Collaborators for fees accrued	4,685,683	4,695,025	(9,342)
Accrued holidays, festivities, summer & yr-end bonuses	11,697,484	8,017,396	3,680,088
Payables to associations	190,225	266,537	(76,312)
Sundry payables	2,465,724	3,510,903	(1,045,179)
Interest and other costs of excercise	1,213,098	1,275,483	(62,385)
Maintenance/services/contributions competence in future years	985,460	2,901,394	(1,915,934)
TOTAL	**21,275,225**	**20,695,044**	**580,181**

The item "**Sundry payables**" is mainly attributable to advances on grants for research projects still in progress at the reporting date and to the debt to Italtel (Euro 1,257,869) following the inclusion in the National Tax Consolidation, reclassified under the item "other payables" due to the deconsolidation of the Italtel Group starting from 31 December 2020, which was fully settled in early 2022.

Explanatory Notes on the Exprivia SpA Income Statement at 31 December 2021

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 29 – Revenues

Revenues from Sales and Services

"**Revenue from sales and services**", also including changes in work in progress, totalled Euro 159,391,500 in 2021 compared to Euro 145,093,101 in 2020, and include inter-company revenues for a net value of Euro 3,587,042.

Description	31/12/2021	31/12/2020	Variation
Revenues from consultancy and project development	137,119,841	125,109,569	12,010,272
Maintenance	17,288,083	15,795,853	1,492,230
Third party hardware and software	3,027,400	2,386,251	641,149
Proprietary Licenses	1,936,976	1,793,765	143,211
Other	19,200	7,663	11,537
TOTAL	**159,391,500**	**145,093,101**	**14,298,399**

The table below provides details on the items and inter-company relations:

Description	Exprivia Projects Srl	Spegea S.c.a.r.l.	HR COFFEE	Consorzio Exprivia	Exprivia Shanghai	Total
Professional services	8,505	49,297	5,400	2,503,375	57,605	2,624,181
Commercial advice	152,599	-	-	-		152,599
Corporate services and logistics	810,262	-	-	-		810,262
TOTAL	**971,366**	**49,297**	**5,400**	**2,503,375**	**57,605**	**3,587,042**

Note 30 – Other Income

"**Other income**" amounted to Euro 4,917,352 in 2021 compared to Euro 6,156,560 in 2020. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Other revenue	731,036	924,210	(193,174)
Operating grants	2,515,770	3,158,405	(642,635)
Costs for capitalized internal projects	1,670,546	2,073,945	(403,399)
TOTAL	**4,917,352**	**6,156,560**	**(1,239,208)**

Other revenues and income

The balance of the item "**Other revenues and income**" for 2021 amounts to Euro 731,036 compared to Euro 924,210 in the previous year and mainly refers to income from the assignment of employee cars of Euro 274,634, to rental income (relating to fees charged by Exprivia to Italtel for the Rome offices) of Euro 128,311 and to capital gains of Euro 38,214.

Operating grants

In 2021 "**Operating grants**" amounted to Euro 2,515,770 compared to Euro 3,158,405 in the previous year and refer to grants and tax credits pertaining to the year or authorised in the period relating to funded research and development projects.

Costs for capitalised internal projects

The balance of the item "**Costs for capitalised internal projects**" in 2021 amounted to Euro 1,670,546 compared to Euro 2,073,945 in the previous year and refers to capitalised internal projects attributable to the Defence & Aerospace, Banking & Finance and Healthcare markets.

Note 31– Costs for Sundry Consumables and Finished Products

In 2021, "**Costs for sundry consumables and finished products**" amounted to Euro 7,521,075 compared with Euro 3,389,765 in the previous year. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Purchase of HW-SW products	7,367,867	3,173,456	4,194,411
Stationery and consumables	141,090	205,964	(64,874)
Fuel and oil	12,118	10,345	1,771
TOTAL	**7,521,075**	**3,389,765**	**4,131,310**

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

Note 32 – Staff Costs

The balance of the item "**staff costs**" in 2021 came to Euro 95,119,251 compared to Euro 89,503,850 in 2020.

The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
Salaries and wages	69,256,122	64,663,189	4,592,933
Social charges	18,655,699	17,938,078	717,621
Severance Pay	4,669,670	4,500,835	168,835
Other staff costs	2,043,807	1,939,838	103,969
Intercompany	493,953	461,910	32,043
TOTAL	**95,119,251**	**89,503,850**	**5,615,401**

The number of employees at 31 December 2021 amounted to 1,837 workers (1,833 employees and 4 temporary workers), compared to 1,814 at 31 December 2020 (1,812 employees and 2 temporary workers).

The average number of employees at 31 December 2021 was 1,831.

The item "other staff costs" includes the net amount relating to costs and revenues for charge-backs for seconded staff of the Group companies (Euro 493,953):

- Exprivia Projects Srl revenues for Euro 15,139;
- Exprivia Projects costs for Euro 509,092.

Note 33 – Costs for Services

In 2021, the balance of the item "**Costs for services**" amounted to Euro 34,336,111 compared with Euro 35,811,219 in the previous year. The table below provides the 2021 figures, compared with those of 2020:

Description	31/12/2021	31/12/2020	Variation
Technical and commercial consultancy	21,549,354	22,110,394	(561,040)
Administrative/company/legal consultancy	1,928,169	1,960,674	(32,503)
Consultancy to associated companies	1,752,205	2,244,117	(491,912)
Auditors' fees	80,969	83,420	(2,451)
Travel and transfer expenses	370,673	449,840	(79,167)
Utilities	632,852	795,521	(162,669)
Advertising and agency expenses	449,411	311,170	138,241
Bank charges	251,689	414,560	(162,870)
HW and SW maintenance	4,745,818	4,954,351	(208,533)
Insurance	561,399	446,922	114,478
Costs of temporary staff	628,921	884,539	(255,617)
Other costs	1,384,651	1,155,711	228,940
TOTAL	**34,336,111**	**35,811,219**	**(1,475,108)**

The table below provides details on inter-company services, amounting to Euro 1,752,205, broken down by company. Please note that the inter-company costs incurred in 2021 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. ACS GMBH	vs. Exprivia Messico SA de CV	Total
Professional services	111,547	576,766	360,405	667,708	35,779	1,752,205
TOTAL	**111,547**	**576,766**	**360,405**	**667,708**	**35,779**	**1,752,205**

The statement below is provided in accordance with art. 149-duodecies of CONSOB Issuers' Regulation to show amounts paid to the independent auditors in 2021 for audit services and for other services provided by PricewaterhouseCoopers SpA and other entities belonging to its network.

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

Type of services	Subject who provided the service	Recipient	Amount
Audit services	PricewaterhouseCoopers SpA	Parent company	249,092
Other audit services *	PricewaterhouseCoopers SpA	Parent company	24,757
TOTAL			**273,849**

(*) Non-audit services provided in favour of the Parent Company refer to ISA 805 engagements for a total of Euro 10,507 and to the audit of the statement of costs incurred by the Company for research and development in 2020 for Euro 14,250.

Note 34 – Costs for Leased Assets

In 2021, the item "**Costs for leased assets**" amounted to Euro 566,960 compared to Euro 593,553 in 2020 and is broken down in the table below:

Description	31/12/2021	31/12/2020	Variation
Rental expenses	77,675	133,308	(55,632)
Car rental/leasing	17,588	(7,431)	25,020
Rental of other assets	122,662	189,463	(66,799)
Royalties	349,034	-	349,034
Other costs	-	278,213	(278,213)
TOTAL	**566,960**	**593,553**	**(26,593)**

Note 35 – Sundry Operating Expenses

In 2021, "**Sundry operating expenses**" amounted to Euro 1,081,153 compared to Euro 625,554 in the previous year and is broken down in the table below:

Description	31/12/2021	31/12/2020	Variation
Annual subscriptions	147,262	101,484	45,778
Taxes	310,895	282,544	28,351
Penalties and fines	15,199	10,471	4,728
Charitable donations	28,410	13,345	15,065
Contingency liabilities	251,423	217,710	33,713
Write-offs	274,740	-	274,740
Capital losses on disposals	53,224	-	53,224
TOTAL	**1,081,153**	**625,554**	**455,599**

The item "**write-offs**" refers to the cancellation of receivables from bankrupt customers for which the Company was not included in the bankruptcy distribution.

Note 36 – Changes in Inventories

In 2021, the balance of the item "**changes in inventories**" is positive and amounted to Euro 71,537 compared with the negative change of the previous year of Euro 445,947 and refers to changes in hardware/software products purchased from the sale by the various business units.

Note 37 – Provisions and Write-downs of Current Assets

The item "**Provisions and write-downs of current assets**" in 2021 amounted to Euro -411,523 compared to Euro -19,160 in 2020. The table below provides details on the item:

Description	31/12/2021	31/12/2020	Variation
Provision for legal disputes with employees	36.000	-	36.000
Provision for risks on loss-making orders	(54.306)	(337.351)	283.045
Bad debt provision	(493.217)	218.191	(711.407)
Inventory write-down	100.000	100.000	-
TOTAL	**(411.523)**	**(19.160)**	**(392.363)**

The change in the item "**Bad debt provision**" is mainly attributable to the use for write-off of receivables related to bankrupt customers for which the Company does not participate in the bankruptcy distribution (see note 35 "loss on receivables") deemed no longer fully collectable by the Company and the release of the provision related to the application of IFRS 9 (expected credit loss).

The change in the item "**Provision for risks on loss-making orders**" is attributable to the release of the provision following the execution of the contracts.

Note 38 – Amortisation, Depreciation and Write-downs of Non-Current Assets

In 2021, the balance of the item "**Amortisation, depreciation and write-downs of non-current assets**" amounted to Euro 8,075,093 compared with Euro 6,216,806 in the previous year and comprises amounts pertaining to the reporting period for amortisation and depreciation of intangible and tangible assets and write-downs.

Description	31/12/2021	31/12/2020	Variation
Amortisation intangible assets	2,732,370	2,727,361	5,009
Amortisation tangible assets	3,491,723	3,236,445	255,278
Write-downs of equity investments	1,851,000	253,000	1,598,000
TOTAL	**8,075,093**	**6,216,806**	**1,858,287**

Amortisation and Depreciation

Amortisation of intangible assets amounted to Euro 2,732,370 in 2021 compared to Euro 2,727,361 in 2020 and the change is detailed in Note 3.

Depreciation of tangible assets amounted to Euro 3,491,723 in 2021 compared to Euro 3,236,445 and the change is detailed in Note 1.

Write-downs

The write-downs in 2021 amounted to Euro 1,851,000 compared to Euro 253,000 in 2020. The amount allocated in 2021 refers to the write-down of the equity investment in Exprivia Slu; for more information, please refer to Note 4.

Note 39 – Financial Income and (Charges) and other Investments

In 2021, the balance of the item "**Financial income and (charges) and other investments**" was a negative Euro 3,050,182 compared with a negative balance of Euro 2,535,926 in 2020. The breakdown between income and charges is shown below.

Description	31/12/2021	31/12/2020	Variation
Income from equity investments by subsidiaries	-	674.397	(674.397)
Income from parent companies	32.339	40.827	(8.488)
Income from subsidiaries	99.412	76.567	22.845
Other Financial Assets measured at FVOCI	21.809	13.037	8.772
Income other than the above	286.742	82.711	204.031
Income other than the above	(3.017.222)	(2.957.095)	(60.127)
Charges from parent companies	(400.469)	(400.240)	(229)
Charges from subsidiaries	(62.272)	(69.685)	7.413
Exchange gains / (losses)	(10.521)	3.555	(14.076)
TOTAL	**(3.050.182)**	**(2.535.926)**	**(514.256)**

Income from equity investments

"**Income from equity investments**" had no changes compared to Euro 674,397 in the previous year and refers to dividends received last year from the subsidiary Exprivia Projects Srl.

Income from parent companies

In 2021, the item "**Income from parent companies**" amounted to Euro 32,339 compared with Euro 40,827 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 2021, "**Income from subsidiaries**" amounted to Euro 99,412 compared with Euro 76,567 in the previous year and refers to interest accrued from cash pooling and for loans in place with its subsidiaries.

Income from other financial assets measured at FVOCI

In 2021, the item "**Income from other financial assets measured at FVOCI**" amounted to Euro 21,809 compared to Euro 13,037 in 2020; it refers to income received from Banca Popolare di Bari for bonds and shares subscribed.

Income other than the above

The item "**Income other than the above**" in 2021 amounted to Euro 286,742 compared to Euro 82,711 in 2020.

Description	31/12/2021	31/12/2020	Variation
Bank interest receivable	2,060	723	1,337
Other interest income	122,447	77,039	45,408
Rounding up of assets	162,235	4,949	157,286
TOTAL	**286,742**	**82,711**	**204,031**

The change in "**other interest income**" is mainly attributable, for Euro 150,399, to the income for the period related 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.

Interest and other financial charges

In 2021, the item "**Interest and other financial charges**" amounted to Euro 3,017,222 compared with Euro 2,957,095 in 2020.

Description	31/12/2021	31/12/2020	Variation
Bank interest payable	19,887	388,778	(368,891)
Interest on loans and mortgages	1,558,773	1,635,136	(76,363)
Sundry interest	891,443	595,281	296,162
Charges on financial products and sundry items	519,339	271,530	247,809
Interest cost IAS 19	27,780	66,370	(38,590)
TOTAL	**3,017,222**	**2,957,095**	**60,127**

The item "**charges on financial products and sundry items**" included the amount of Euro 332,117 related to the initial recognition of the cost 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.

Charges from parent companies

The balance of the item "**Charges from parent companies**" amounted to Euro 400,469 in 2021 compared with Euro 400,240 at 31 December 2020 and refers to the portion applicable to the period of charges recognised to the holding company Abaco Innovazione SpA for guarantees issued by the latter.

Charges from subsidiaries

In 2021, the balance of the item "**Charges from subsidiaries**" amounted to Euro 62,272 compared with Euro 69,685 in 2020 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 2021 is negative for Euro 10,521 compared to a positive balance of Euro 3,555 in 2020 and is related to foreign currency transactions.

Note 40 – Income Taxes

"**Income taxes**" in 2021 amounted to Euro 4,733,905 compared to Euro 2,810,533 in 2020. The table below provides details on the items.

Description	31/12/2021	31/12/2020	Variation
IRES	3,560,000	2,834,534	725,466
IRAP	1,155,000	643,431	511,569
Taxes from prior years	(166,359)	-	(166,359)
Defered tax	100,950	(605,184)	706,134
Deferred tax assets	84,314	(62,248)	146,562
TOTAL	**4,733,905**	**2,810,533**	**1,923,372**

The Parent Company Exprivia 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.

Each company under Tax Consolidation contributes taxable income or tax loss to Exprivia; Exprivia recognises 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 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	31/12/2021		31/12/2020	
	AMOUNT	%	AMOUNT	%
RECONCILIATION BETWEEN THEORETICAL AND ACTUAL RATE				
RESULT BEFORE TAXES	14,899,012		13,038,095	
THEORETICAL TAX	**3,575,763**	**24.0%**	**0**	**24.0%**
NON-DEDUCTIBLE COSTS AND EXPENSES	4,585,454		2,369,675	
NON-TAXABLE REVENUES AND INCOME	(2,214,395)		(1,787,001)	
DEPRECIATION	694,555		94,008	
OTHER CHANGES IN DECREASE	(3,131,291)		(1,904,227)	
USE OF TAX LOSSES				
TAXABLE TAX	14,833,335		11,810,550	
IRES FOR THE YEAR	**3,560,000**		**2,834,534**	
EFFECTIVE RATE		**23.9%**		**21.7%**

Note 41 - Profit (Loss) for the Year

The income statement closed with a profit (after tax) of Euro 10,165,107 and is confirmed in the balance sheet as well.

Note 42 – Information on the Cash Flow Statement

The cash flows deriving from income management were a positive Euro 17.5 million, the management of working capital generated cash flows of Euro 0.5 million, investment activities absorbed cash of Euro 3.4 million, whereas the cash flow absorbed by financing activities was Euro -24.8 million.

Financial charges paid in the financial year amounted to Euro 3,048 thousand, income received in the financial year amounted to Euro 27 thousand and taxes paid in the financial year amounted to Euro 3,690 thousand.

Contributions and economic benefits received from public administrations

Pursuant to art. 1 paragraph 125 of 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 2021.

Typology	Financing Body	Project	Subsidized rate	Amount collected 31/12/2021
Lost Fund	MIUR	Active Adge @ Home		30,188
Lost Fund	MISE	Bigimaging		323,308
Lost Fund	MISE	Findustry		251,039
Lost Fund	Regione Lazio	Heal9000		39,958
Lost Fund	MISE	Instamed		287,758
Lost Fund	MIUR	SI-Robotics		72,716
Lost Fund	MIUR	Silab		1,271,942
Lost Fund	INPS	Decontribuzione Sud, sconto 30% sui contributi di cui al DL 104 Agosto 2020		776,058
Subsidized financing	MISE	FINDUSTRY4.0- Future Internet for Industry 4.0	0.18%	110,182
Total				**3,163,149**

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 associated companies 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	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	1,709,366	1,709,366	-
Group Exprivia S.L.U	2,903,489	2,581,044	322,445
Exprivia Do Brasil	2,574,976	2,574,976	-
ProSap SA de CV (Messico)	563,268	563,268	-
Advanced Computer Systems Gmbh	25,000	25,000	-
Spegea S.c.a r.l.	300,000	300,000	-
HRCOFFEE Srl	155,788	155,788	-
Consorzio Exprivia S.c. a r.l.	22,003	22,003	-
Exprivia Asia Ltd	350,000	350,000	-
TOTAL	**8,603,889**	**8,281,444**	**322,445**

Non-Current Financial Receivables

Description	31/12/2021	31/12/2020	Variations
Exprivia Slu	-	710,942	(710,942)
Exprivia Asia	-	208,655	(208,655)
TOTAL	**-**	**919,597**	**(919,597)**

Trade Receivables

Description	31/12/2021	31/12/2020	Variation
Consorzio Exprivia	149,848	614,811	(464,963)
Exprivia Messico SA de CV	46,667	15,751	30,916
Exprivia Projects Srl	499,755	581,350	(81,595)
Exprivia SLU	644,634	648,801	(4,167)
Exprivia Do Brasil	3,943		3,943
Spegea S. c. a.r.l.	90,180	54,312	35,868
ACS DE Gmbh	60,002	140,002	(80,000)
HR Coffee	6,588	11,988	(5,400)
Exprivia Shanghai	57,605		57,605
TOTAL	**1,559,222**	**2,067,015**	**(507,793)**

Work in Progress

Description	31/12/2021	31/12/2020	Variation
Spegea Scarl	2,297	-	2,297
Exprivia Slu	-	690	(690)
Exprivia Messico SA de CV	6,592	-	6,592
Consorzio Exprivia Scarl	175,017	859,679	(684,662)
TOTAL	**183,906**	**860,369**	**(676,463)**

Other Current Receivables

Description	31/12/2021	31/12/2020	Variazioni
Receivables from Exprivia Projects for IRES from tax consolidation	122,449	63,286	59,163
Receivables from Exprivia Projects for VAT	220,640	-	220,640
eceivable from Spegea for IRES from tax consolidation		1,139	(1,139)
TOTAL	**343,089**	**64,425**	**278,664**

Current Financial Receivables

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	674,397	674,397	-
Exprivia Messico Sa de CV	736,433	510,163	226,270
Exprivia Asia Ltd	913,621	681,516	232,105
Exprivia SLU	15,608	932,407	(916,799)
TOTAL	**2,340,059**	**2,798,483**	**(458,424)**

Trade Payables

Description	31/12/2021	31/12/2020	Variation
Exprivia Messico SA De CV	-	780	(780)
Exprivia Projects Srl	152,990	841,453	(688,463)
Consorzio Exprivia Scarl	4,900	-	4,900
HR COFFEE Srl	70,254	-	70,254
Exprivia SLU	6,107	-	6,107
ACS GMBH	164,947	171,575	(6,628)
Spegea S.c. a r.l.	44,310	55,929	(11,619)
Exprivia do Brasil	3,000	3,000	-
TOTAL	**446,508**	**1,072,737**	**(626,229)**

Current Financial Payables

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	2,706,405	2,651,907	54,498
Spegea S.c. a r.l.	3,637	160,983	(157,346)
TOTAL	**2,710,042**	**2,812,890**	**(102,848)**

Other Current Payables

Description	31/12/2021	31/12/2020	Variation
Spegea for consolidated ires	2,286	-	2,286
Exprivia Projects for VAT	-	271	(271)
Consorzio Exprivia for VAT	-	134,420	(134,420)
HR Coffee for consolidated ires	123,323	89,328	33,995
TOTAL	**125,609**	**224,019**	**(98,410)**

Trade Revenues

Description	31/12/2021	31/12/2020	Variation
Spegea Scarl	49,297	22,127	27,170
Exprivia Projects Srl	971,365	1,136,010	(164,645)
Gruppo ProSap	-	2,391	(2,391)
Exprivia Shanghai	57,605	-	57,605
Exprivia Messico SA de CV	-	15,751	(15,751)
Consorzio Exprivia Scarl	2,503,375	2,346,736	156,639
HR COFFEE Srl	5,400	5,400	-
TOTAL	**3,587,042**	**3,528,415**	**58,627**

Trade Costs

Description	31/12/2021	31/12/2020	Variation
Spegea Scarl	111,547	67,021	44,526
Exprivia Projects Srl	576,766	1,405,367	(828,601)
Exprivia SLU	360,405	254,333	106,072
ACS Gmbh	667,708	516,977	150,731
Exprivia Messico SA De CV	35,779	420	35,359
TOTAL	**1,752,205**	**2,244,117**	**(491,914)**

Personnel Revenues/Costs

Description	31/12/2021	31/12/2020	Variation
Revenues from seconded personnel v Exprivia Projects	(15,139)	(65,925)	50,786
Personnel costs on secondment v Exprivia Projects	509,092	527,835	(18,743)
TOTAL	**493,953**	**461,910**	**32,043**

Write-downs of Equity Investments

Description	31/12/2021	31/12/2020	Variation
Exprivia Messico SA de CV		253,000	(253,000)
Exprivia Su	1,851,000		1,851,000
TOTAL	**1,851,000**	**253,000**	**1,598,000**

Income from Equity Investments

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects Srl	-	674,397	(674,397)
TOTAL	**-**	**674,397**	**(674,397)**

Financial Income (interest income on loans)

Description	31/12/2021	31/12/2020	Variation
Exprivia SLU	57,580	32,947	24,633
Exprivia ASIA Ltd	23,449	25,395	(1,946)
Exprivia Messico SA De CV	18,283	13,602	4,681
TOTAL	**99,312**	**71,944**	**27,368**

Financial Income (guarantees)

Description	31/12/2021	31/12/2020	Variation
Exprivia Projects	-	4,623	(4,623)
TOTAL	**-**	**4,623**	**(4,623)**

Financial Charges (cash pooling interest expense)

Description	31/12/2021	31/12/2020	Variation
Spegea Scarl	1,101	5,250	(4,149)
Exprivia Projects Srl	61,171	57,590	3,581
TOTAL	**62,272**	**62,840**	**(568)**

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".

Non-Current Financial Receivables

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione SpA	466,511	918,996	(452,485)
TOTAL	**466,511**	**918,996**	**(452,485)**

Current Financial Receivables

Description	31/12/2021	31/12/2020	Variazione
Abaco Innovazione SpA	467,845	463,296	4,549
TOTAL	**467,845**	**463,296**	**4,549**

Trade Receivables

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione SpA	39,867	32,572	7,295
TOTAL	**39,867**	**32,572**	**7,295**

Financial Costs

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione SpA	400,469	400,240	229
TOTAL	**400,469**	**400,240**	**229**

Financial Income (interest income on loans)

Description	31/12/2021	31/12/2020	Variation
Abaco Innovazione SpA	32,339	40,827	(8,488)
TOTAL	**32,339**	**40,827**	**(8,488)**

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:

Equity Investments in Associated Companies

Description	31/12/2021	31/12/2020	Variation
QUESTIT SRL	498,000	375,000	123,000
TOTAL	**498,000**	**375,000**	**123,000**

Receivables from Associated Companies

Descrizione	31/12/2021	31/12/2020	Variation
QUESTIT SRL	96,095	46,369	49,726
TOTAL	**96,095**	**46,369**	**49,726**

Payables to Associated Companies

Descrizione	31/12/2021	31/12/2020	Variation
QUESTIT SRL	50,109	160,331	(110,222)
TOTAL	**50,109**	**160,331**	**(110,222)**

Costs

Descrizione	31/12/2021	31/12/2020	Variation
QUESTIT SRL	129,772	100,973	28,799
TOTAL	**129,772**	**100,973**	**28,799**

Revenues

Descrizione	31/12/2021	31/12/2020	Variation
QUESTIT SRL	148,842	-	148,842
TOTAL	**148,842**	-	**148,842**

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:

Payables - Suppliers

Descrizione	31/12/2021	31/12/2020	Variation
Giuseppe Laterza & Figli SpA	12,000	12,200	(200)
TOTAL	**12,000**	**12,200**	**(200)**

Costs

Descrizione	31/12/2021	31/12/2020	Variazione
Giuseppe Laterza & Figli SpA	22,001	22,471	(470)
TOTAL	**22,001**	**22,471**	**(470)**

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.

Offices	Fixed remuneration	Equity compensation committees	Wages and salaries	Other incentives	Fixed remuneration	Equity compensation committees	Wages and salaries	Other incentives
Administrators	428,200	79,256	665,428	302,459	403,666	75,000	636,981	135,285
Statutory Auditors	52,618	-	-	-	80,188	-	-	-
Strategic managers	-	-	312,363	81,461	-	-	239,280	28,080
TOTAL	**480,818**	**79,256**	**977,791**	**383,920**	**483,854**	**75,000**	**876,261**	**163,365**

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 2018 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 **17 February 2022**, Exprivia subscribed to the reserved capital increase of Euro 8,000 in the limited liability consortium company Urbanforce Scarl, acquiring a 28.57% stake. Urbanforce is a consortium company registered in the company register of Florence with tax code 07130110484 specialised in the Salesforce market.

Molfetta, 15 March 2022

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Mr Domenico Favuzzi

exprivia

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 2021. We propose that the profit of Euro 10,165,107.41 be distributed as follows:

a) to the "Legal Reserve" for Euro 508,255.37, bringing it to Euro 5,190,151.13;

b) to the "Extraordinary Reserve" for Euro 7,166,422.06, bringing it to Euro 17,170,864.64;

c) to the distribution of dividends for Euro 2,490,429.98, equal to Euro 0.048 for each ordinary share entitled to receive dividends, it being understood that the portion not paid to treasury shares in portfolio at the validity date for registration for dividend will be allocated to the Extraordinary Reserve.

Molfetta, 15 March 2022

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 58/98

The undersigned Domenico Favuzzi, Chairman and CEO, and Valerio Stea, Executive manager responsible for preparing the corporate accounts of Exprivia, certify the following, taking into account the provisions of art. 154-bis (3, 4) of 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 2021.

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, 15 March 2022

Domenico Favuzzi	**Valerio Stea**
Chairman and Chief Executive Officer	Executive manager responsible for preparing the corporate accounts

Independent Auditors' Report on the financial statements of Exprivia SpA at 31 December 2021

Independent auditor's report

in accordance with article 14 of Legislative Decree N° 39 of 27 January 2010 and article 10 of Regulation (EU) N° 537/2014

To the shareholders of Exprivia SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Exprivia SpA (the Company), which comprise the statement of financial position as of 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 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 this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of the recoverability of the carrying value of goodwill *"Note 2 – Goodwill" of the explanatory notes to the Financial Statements as of 31 December 2021 of Exprivia SpA*	
The value of goodwill as of 31 December 2021 amounted to Euro 67 million, corresponding to about 32 per cent of total assets. The recoverability of the value of goodwill at 31 December 2021 was verified by the directors through the comparison between the carrying value of the IT Cash Generating Unit ("IT CGU") to which goodwill was allocated and the related value in use, identifiable as the present value of future cash flows that are expected to be generated from the IT CGU using the Discounted Cash Flow Model. The projected cash flows from operations for the explicit five-year period are based on budgets and plans submitted for approval by the Company's Board of Directors on 15 March 2022. The terminal value of the IT CGU was calculated as the present value of the perpetuity obtained by capitalising the cash flows generated in the last analytical forecast period at a long-term growth rate (G-rate) equal to the average of the expected long-term inflation rates for the main countries in which the IT CGU operates. The discount rate (WACC) as well as the long-term growth rate (g) were determined with the support of an independent expert. The Group also performed a sensitivity analysis on the basis of the changes in the discount rate, G-rate and Ebitda estimated in the projections, as well as	We conducted an understanding of the method adopted by the company management in preparing the impairment test and approved by the Company's Board of Directors on 15 March 2022. We verified that criteria for the identification of the CGU were in line with the Group's structure and, with reference to the future cash flows expected for the IT CGU, we verified that these agreed with data approved by the Company's Board of Directors. We analysed the main assumptions used in the preparation of the IT CGU forecast plans. We evaluated the reasonableness and consistency of the prospective data used by the Company with the provisions of IAS 36, the results reached in prior years and the external sources of information. Moreover, we verified the mathematical correctness of the main data included in the impairment test. We recalculated the discount and long-term growth rate on the basis of the expected inflation estimates. We reperformed from a mathematical point of view the sensitivity analyses prepared by the Company.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
the combined change in all three variables mentioned above. The impairment test did not reveal any impairment losses to be reflected in the financial statements as of 31 December 2021. The item "goodwill" was considered relevant to the audit work due to both the materiality of the amount and the complexity of the process of estimating its recoverable amount, as it is based on valuation assumptions and hypotheses influenced by economic and market conditions subject to uncertainties relating, in particular, to the determination of prospective cash flows and of the discount rate.	These activities were carried out also with the support of PwC network experts in valuation models. Finally, we considered the adequacy of the disclosures reported in the notes to the financial statements.

Responsibilities of the directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N 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.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have 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 International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we 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;
- we 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;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we 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;
- we 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 communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

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

From the matters communicated with those charged with governance, we determined 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 these matters in our auditor's report.

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

On 23 April 2014, the shareholders of Exprivia SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2014 to 31 December 2022.

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

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Exprivia SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) N° 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree N° 39/10 and Article 123-bis, paragraph 4, of Legislative Decree N° 58/98

The directors of Exprivia SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Exprivia SpA as of 31 December 2021, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) N° 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree N° 58/98, with the financial statements of Exprivia SpA as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Exprivia SpA as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree N° 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Naples, 31 March 2022

PricewaterhouseCoopers SpA

Signed by

Carmine Elio Casalini
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.