Annual Report 2022

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future. perfect. simple.

Contents

Letter to Shareholders

Dear Shareholders,

I wrote last year that the events of 2021 would have qualified the year as an exceptional year, one that would leave its mark on history. And certainly 2022 was no different. World GDP surpassed the 100 trillion threshold despite glimpses of recession and rising interest rates in response to rising inflation. The end of 2022 led to cautious optimism in GDP growth in 2023. In this context, the Italian economy has recovered to pre-pandemic levels, defying the numerous forecasts of a contraction in GDP in 2023.

The Italian market in which Exprivia operates, ICT, is estimated to grow by more than 3% according to industry analysts. Exprivia has consolidated its mission and its market position, as a subject of innovation, contributing to the modernisation of the country through a widespread digitalisation that, through the NRRP, also the Public Administration is investing in with unprecedented volumes.

At the end of 2022, Exprivia is among the best "industrial platforms" with Italian private capital and with the financial strength enabling it to pursue a continuous growth path. Our turnover, reaching almost Euro 184 million, grew over 2022, also with growth that has nevertheless promoted margins, with EBITDA at 13.7% of revenues, on a par with the best companies in the benchmark and with debt falling down to around Euro 18 million compared to Euro 27 million last year.

We remain convinced that solid business and financial *fundamentals* guarantee our strategic development lines along the lines of the transformations underway. Digitalisation is certainly one of the major agents of change for rethinking business models through the extensive management of the enormous amounts of data that is increasingly available today.

We have started our path towards the use of data at the service of people: we want to equip all our applications and services with Artificial Intelligence, convinced as we are that it represents one of the best technologies to facilitate the changes underway. We have achieved a position of excellence in Cybersecurity: our quarterly observatory is now mentioned in many authoritative contexts. We have consolidated our presence in the Space Economy by engaging in important collaborations with players in that market who consider us as playing a complementary role and bearers of a significant specialisation. In the Healthcare world, we are recognised as one of the key players and our systems are used by millions of citizens in many Italian regions.

Outside Italy, in 2022 we consolidated our presence in Spain, China and Brazil and we continue to support our large Italian customers in the world, for example in Latin America, with a special focus on profitability.

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

Once again this year I must not fail to thank our customers who continue to place their trust in us, with the consideration that we owe to reliable subjects, always present in their change choices, and all our collaborators who are committed, with the management, to implement them.

We are always convinced to be able to contribute, with our ideas and extensive expertise, to the growth of our people, of our company size, of the value we create for our shareholders and of our country.

Domenico Favuzzi

Chairman and Chief Executive Officer, Exprivia

Corporate Bodies

Board of Directors

Chairman and Chief Executive Officer
Domenico Favuzzi

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

Board of Statutory Auditors

Chairman
Dora Savino

Standing Auditors
Andrea Delfino
Mauro Ferrante

Independent Auditors
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 2022

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 2022 and 31 December 2021.

amount in thousand Euro	31.12.2022	31.12.2021
Total revenues	183,712	181,726
net proceeds	176,099	176,476
increase to assets for internal work	1,467	1,671
other proceeds and contributions	6,146	3,579
Difference between costs and production proceeds (EBITDA)	25,118	24,579
% on total revenues	13.7%	13.5%
Net operating result (EBIT)	19,195	18,148
% on total revenues	10.4%	10.0%
Profit / (Loss) for the period	11,533	10,138
Group net equity	82,672	73,889
Total assets	207,232	207,123
Capital stock	24,284	24,616
Net working capital (1)	14,661	12,345
Cash flow (2)	18,983	18,296
Fixed capital (3)	97,342	100,700
Investment (4)	2,076	3,006
Cash and cash equivalents / securities / other financial assets (a)	22,605	23,748
Financial payables / other short-term financial liabilities (b)	(22,676)	(16,284)
Financial payables / other medium / long-term financial liabilities (c)	(18,260)	(33,971)
Net financial debt (5)	(18,331)	(26,507)

(1) – "Net working capital" is calculated as the sum of the total current assets, less cash and cash equivalents, less total current liabilities plus current bank debt and current bond loans.

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

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

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

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

The table below shows the main economic indicators of the Group at 31 December 2022, compared with the same period of the previous year.

Exprivia Group	31.12.2022	31.12.2021
ROE index (Result for the period / Group shareholders' equity)	13.95%	13.72%
ROI index (Net operating margin / Net invested capital) (6)	19.17%	18.35%
ROS index (Net operating margin / Revenues from sales and services)	10.90%	10.28%
Financial charges (7) / Result for the year	0.22	0.30

(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 2022 and 31 December 2021.

Exprivia Group	31.12.2022	31.12.2021
Net Financial Debt / Equity Capital	0.22	0.36
Debt ratio (Total Liabilities / Equity Capital)	2.51	2.80

Summary of the Operations in 2022

The table below also provides the results of the Exprivia Group at 31 December 2022 compared with the previous year:

Exprivia Group - Continuing Operations (amounts in thousands of Euro)	2022	2021	Variations	% Variations
Revenues	183,712	181,726	1,986	1.1%
EBITDA	25,118	24,579	539	2.2%
EBIT	19,195	18,148	1,047	5.8%
Pre-tax result	16,575	15,155	1,420	9.4%
Result	11,533	10,138	1,395	13.8%

Exprivia Group - Continuing Operations (amounts in thousands of Euro)	31.12.2022	31.12.2021	Variazioni	Variazioni %
Net financial debt	(18,331)	(26,506)	8,175	-30.8%

As can be seen, revenues for 2022, equal to Euro 183.7 million, increased by 1.1% compared to 2021, equal to Euro 181.7 million; EBITDA amounted to Euro 25.1 million, up by 2.2% compared to the previous year (Euro 24.6 million). The net financial debt, equal to a negative value of Euro 18.3 million at 31 December 2022, improved by Euro 8.2 million compared to the negative value of Euro 26.5 million at 31 December 2021.

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 2022, compared with the figures at 31 December 2021.

amount in thousand Euro	31.12.2022	31.12.2021
Total revenues	164,218,329	164,308,851
net proceeds	156,827,878	159,391,499
increase to assets for internal work	1,467,060	1,670,545
other proceeds and contributions	5,923,390	3,246,806
Difference between costs and production proceeds (EBITDA)	25,537,187	26,024,287
% on total revenues	15.6%	15.8%
Net operating result (EBIT)	18,795,962	17,949,194
% on total revenues	11.4%	10.9%
Net result	11,974,399	10,165,107
Group net equity	85,289,662	76,350,886
Total assets	205,905,488	206,185,523
Capital stock	24,284,468	24,615,694
Net working capital (1)	12,062,830	11,513,437
Cash flow (2)	18,758,722	17,528,678
Fixed capital (3)	104,129,733	106,026,778
Investment	1,426,813	3,058,944
Cash and securities / other financial assets (a)	19,422,501	19,609,777
Short-term intra-group financial receivables (payables) **(b)**	(1,282,137)	97,862
Inter-company financial receivables (payables) with m / l term **(c)**	1,816,950	466,511
Short-term financial debts **(d)**	(22,345,134)	(15,960,544)
Medium-/long-term financial debts **(e)**	(17,756,410)	(33,389,766)
Net financial position **(4)**	(20,144,231)	(29,176,159)

(1) – "Net working capital" is calculated as the sum of the total current assets, less cash and cash equivalents, less total current liabilities plus current bank debt and current bond loans.

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

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

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

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

The table below shows the main economic indicators of the company for 2022 compared to 2021:

Exprivia	31/12/2022	31/12/2021
ROE index (Result for the year / Shareholders' equity)	14.04%	13.31%
ROI index (Net operating margin / Net invested capital) (6)	17.94%	17.30%
ROS index (Net operating margin / Revenues from sales and services)	11.99%	11.26%
Financial charges (7) / Result for the year	(0.20)	(0.30)

(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 2022 compared to 2021:

Exprivia	31/12/2022	31/12/2021
Net Financial Debt / Equity Capital	0.24	0.38
Debt ratio (Total Liabilities / Equity Capital)	2.41	2.70

Profile of Exprivia Group

Future. Perfect. Simple

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.

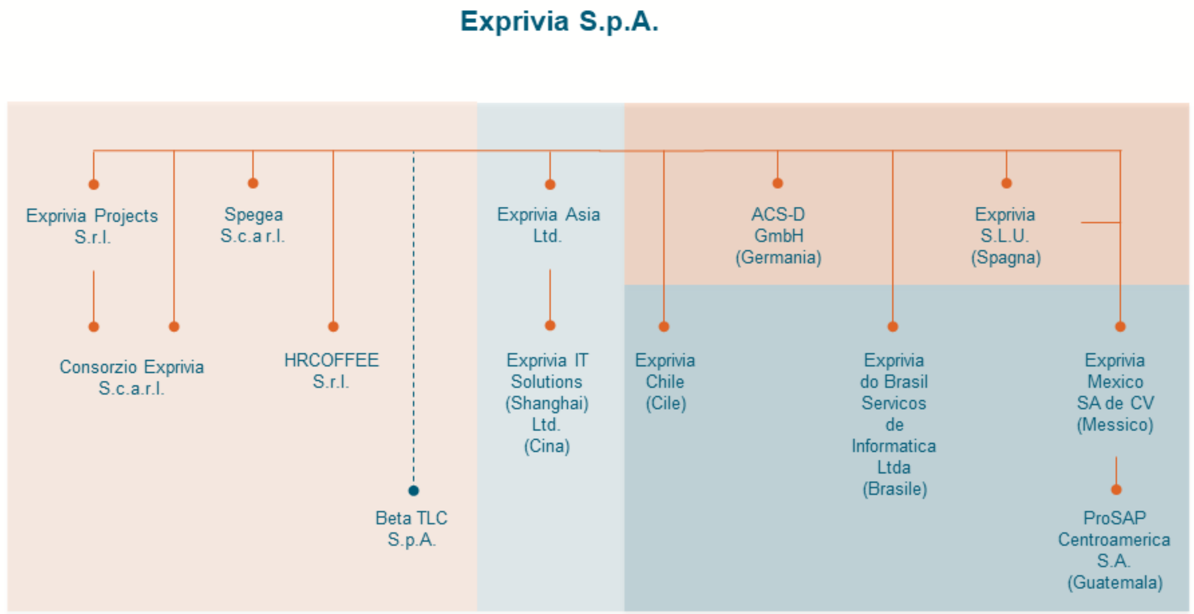
Simplicity

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

The Group

The Group

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



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

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

Equity Investments in subsidiaries

Italian companies

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

Consorzio Exprivia Scarl, 70% owned by Exprivia, 25% owned by third parties 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.

Beta TLC SpA (formerly Italtel SpA), a company in which Exprivia owns 100% of the share capital following the acquisition in June 2022 of the 19% minority stake previously held by Cisco System International BV. On April 1, 2022, the Deed of Assumption, by a person outside the Exprivia Group, of the entire business compendium of Beta TLC SpA was finalised in full settlement. On June 27, 2022, the shareholders' meeting of Beta TLC SpA resolved to go into liquidation, the effectiveness of which is subject to the favourable opinion of the holders of the outstanding equity instruments. The special meetings of the holders of the PFIs were called on 14 March 2023 and in second call on 16 March 2023. 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 Beta TLC SpA, as Exprivia has not assumed contractual or legal obligations, either implicit or explicit, and as there are no commercial relations or significant economic interests.

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 put into liquidation on 15 December 2022.

Exprivia Mexico SA de CV, a Mexican company with headquarters in Mexico City, of which Exprivia 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 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.

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

Consortium Initiatives

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

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

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

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

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

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

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

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. The Consortium’s shareholders’ meeting resolved to dissolve it on 29 December 2022.

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.

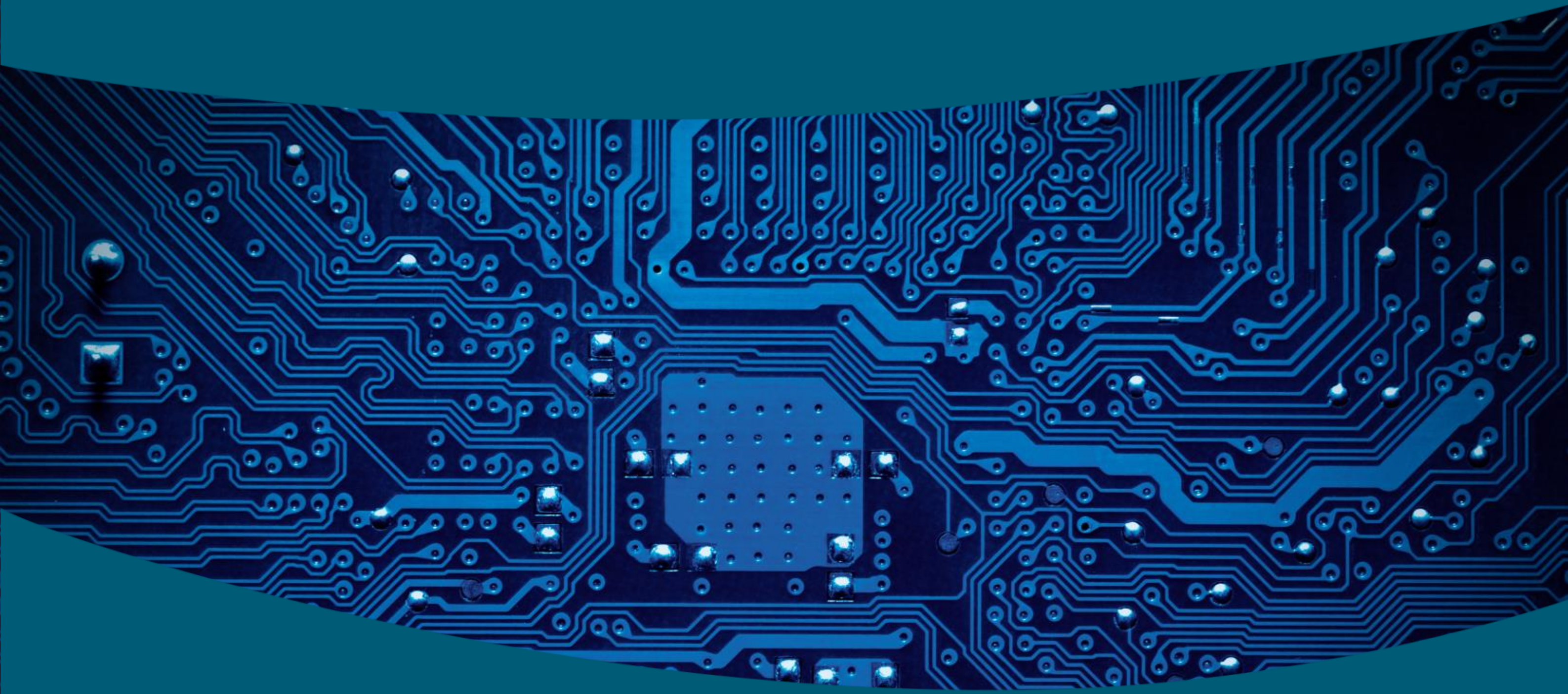
Public Sector

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 the latest-generation mobile technologies by including them within a broader multi-channel strategy which encompasses Mobile Device Management for business devices, Mobile Payment in the various commerce and service sectors, Mobile Health and Mobile Application Development in the areas of health, finance and security.

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

Corporate

Social Responsibility

Environment, Health, and Safety

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

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

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

Performance Trend of the Exprivia Group

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

Banking & Finance

In 2022 the financial services sector was characterised by a series of challenges and trends. In particular, the uncertainties related to the macroeconomic context had a negative effect on the economy and led to a decline in consumer confidence and spending. In turn, this had a ripple effect on the financial services sector, with a decline in demand for loans and an increase in loan insolvencies.

Despite these challenges, the sector has managed to remain stable, aided by the continuous growth of digital banking services. In 2022 online and mobile banking continued to gain popularity in Italy, as consumers increasingly adopted these services as a convenient and secure way to manage their finances.

In 2022 insurance companies also recorded growth, as Italians continued to seek coverage for health and other risks. This growth was driven in part by an ageing population and a desire for financial security in uncertain times.

Another trend in the Italian financial services market in 2022 was the growing competition among financial institutions, with the entry of new players into the market and the expansion of the offer by existing ones. This increased competition has been driven by technological advances, changing customer needs and a more favourable regulatory environment.

In this scenario, Exprivia's performance in these sectors was overall stable and consolidated, although the various components contributed to a different extent. In fact, if geopolitical uncertainty has held back the development of large projects to restart traditional business, particularly in the finance area, post-pandemic needs have instead supported investments in the SMEs credit support component and more generally in the digitalisation component and therefore also on the cloud and Cyber Security components.

Telco & Media

In 2022 the telecommunications market in Italy was highly competitive and rapidly evolving, with several main players offering a range of services to consumers and businesses. There has been a growing focus on data services, with operators investing heavily in expanding their 4G and 5G networks. In particular, significant investments have been made in 5G technology, with the aim of covering 90% of the population by the end of 2023.

The Italian government has also worked to promote competition and investments in the telecommunications market. In particular, it has launched several initiatives aimed at promoting the development of high-speed broadband infrastructure, including a national plan to provide high-speed Internet access to all households by 2025. Overall, it is expected that the telecommunications market in Italy, albeit in difficulty in 2022, will continue to evolve rapidly in the coming years, driven by the growing demand for high-speed data services and increasing competition between operators.

In this overall scenario, Exprivia saw a decrease in activities of around 26%, mainly due to the closure of collaborations with Italtel and the contraction in activities carried out with TIM and Huawei due to these two players' difficulties on the national market.

On the other hand, the foundations were laid for the development of an interesting pipeline to support a repositioning in this sector, proposing solutions and services in the field of 5G adoption, infrastructures (also to support 5G growth), IT security and IOT.

Energy & Utilities

In the year just ended, companies in the Energy & Utilities sector operated in a context characterised by a permanent state of uncertainty, whose reasons are largely attributable to the increase in energy costs, inflation and the increase in interest rates. Most of the wholesale gas price increases have been progressively incorporated in consumer contracts, with significant effects on national economies, despite the sequence of measures launched by the EU to mitigate energy costs. In this context marked by substantially decreasing energy consumption for the entire Eurozone, there was instead a marked increase in CO2 emissions mainly due to the recovery in oil and coal consumption (the latter returned in line with the all-time high of 2013). The Italian energy system decarbonisation index developed by ENEA, which measures the energy transition trend on the basis of prices, CO2 emissions and supply security, therefore recorded its minimum in its historical series in 2022. Despite these premises, green transformation is already an ongoing process that is guiding the main investment programs of Italian companies towards the digitalisation of their assets. According to Utilitalia (the Federation that brings together companies operating in the Water, Environment, Electricity and Gas public services), in the last year Italian utilities have invested almost Euro 300 million in technologies such as smart meters, computerisation of business processes, remote control and hardware and software development for network management. Again according to Utilitalia's analysis, after banking and finance, utilities are now the industrial sector that records the highest level of spending in artificial intelligence at national level, significantly contributing to the big data analytics market.

It is in this complex scenario that Exprivia has further consolidated its competitive positioning through a turnover essentially stable compared to the previous year, driving important projects aimed at modernising and increasing network infrastructures resilience, extending the value extracted from the ever-increasing amount of data available to company c levels, to the development of renewables and to increasing the benefits of the circular economy. Exprivia has operated in the main global competitive contexts, working alongside its customers in the energy transition and digitalisation of processes.

Aerospace & Defence

In 2022, a consistent increase in commercial opportunities was observed in the Aerospace market compared to 2021, which had already shown significant numbers.

The European Space Agency (ESA) has completed the first round of contract tenders for the management of **Copernicus Space Component** system operations. Exprivia obtained the direct negotiation renewal of the **Production Service** contract until the end of 2024. This contract is in addition to those relating to the extension for the **Long-Term Archive** service (already finalised for an extension until the end of November 2023).

The new flagship program of the European Commission: **Destination Earth** (DestinE). DestinE's objective is to develop an accurate digital model of the Earth (a "digital twin") in order to monitor and predict climate change and environmental impacts due to human actions. While waiting for this new European programme, our customers ESA, EUMETSAT and ECMWF are publishing several calls for tenders. In this context, Exprivia was awarded the tender from the customer ECMWF in 2022 to provide **immersive visualisation technologies and solutions**, and also participated in partnership with other companies in the sector in the tender for the DestinE Core Service Platform Framework Platform Data Management Services (DESP) managed by ESA.

In the last quarter of 2022, activities related to the implementation of the NRRP continued strongly, with specific measures dedicated to Space. ESA has the task to manage with its procedures Euro 1,780 million to strengthen Italian expertise and capabilities in the development of application-oriented technologies and to enhance Italy's competitiveness in the domains of Earth Observation, Space Transportation and In-Orbit Servicing. The funds must be spent in the period 2022-2026. The tenders for the implementation of the Application Toolbox and Marketplace, for the Services and for the other Ground Segment infrastructures for the **IRIDE program** (Flight Operation System, Payload Data Ground Segment and Central Mission Planning and Management). Exprivia has actively participated in all of the above tenders according to a strategy of collaboration with important Italian companies in the sector.

With regard to EUMETSAT, a further increase in competition is to be noted on the recently issued calls for tenders; Exprivia participated in numerous tenders in 2022. The awarding of important service contracts by Exprivia confirms the customer's confidence in our engineering skills.

At national level, ASI has launched preparatory activities in view of the future national **Platino-3, Platino-4 and PRISMA Second Generation** missions. Exprivia is already involved in various ways in numerous commercial initiatives linked to these new missions.

Manufacturing & Distribution

The Industry & Distribution market, heavily impacted in 2020 by the pandemic, confirms for 2022 the robust recovery already started in 2021.

To be reiterated is the importance of digitisation to support the strategy to redesign business models as well as the introduction of new forms of innovation and flexible automation of 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 already up in the previous quarters, especially in the application projects segment, confirm the trend also in Q4 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, Cyber Security and migration of infrastructures to the cloud.

Healthcare

In 2022, the Healthcare sector was characterised by a strong focus on Digital Transformation issues. Population demographic and health macro-trends: the fall in birth rate and the increase in the average age and chronicity are highlighting the difficulty in the economic sustainability of the entire system and its ability to provide quality health services to the entire population in the near future.

Digital Transformation is part of this context which, if well implemented, can represent an important response to these problems. This scenario includes the major projects envisaged by the NRRP, which allocates over Euro 15 million to Healthcare under Measure 6.

An important role will be played by the redesign of health services on a territorial basis, envisaging the design and reorganisation of the health system according to a proximity logic, where the treatment centres are organised according to intensity levels, as required by MD 77 and the recent guidelines for the adoption of Telemedicine. This reorganisation must include the modernisation of applications relating to the information systems of both healthcare companies and hospitals, and must focus on systems integration and interoperability, through data architecture and data strategies that allow access and usability of healthcare data.

In this major transformation scenario, Exprivia is one of the main operators in this market, confirming its growth in 2022 in line with the growth dynamics of the entire market. Some important results in terms of Consip Agreements have been achieved, allowing the company to continue to make its contribution to the digital transformation of this sector.

Public Sector

The NRRP is giving a big boost to Digital Transformation in the Public Administration; in fact, the entire sector is going through a phase of significant growth. Mission 1 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.

The important procurement initiatives carried out by Consip are contributing to an overall redesign of the basic architectures of the main Central Public Administration bodies. Migration to cloud platforms, interoperability and the creation of services that are easily accessible to citizens are the main drivers pushing this transformation phase.

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 volume of new opportunities opened demonstrates a commercial action aimed at acquiring new customers/market areas and, in parallel, a continuous monitoring of existing customers with the aim of maintaining and increasing the volume of System Integration and System and Application Management services.

The results of 2022 showed an increase in revenues compared to 2021.

International business

Spain

The Spanish economy grew by 5.5% in 2022 in line with the 2021 financial year. However, growth in the last two quarters slowed down with growth of 0.2% per quarter. GDP growth of 5.5% recorded in 2022 exceeds the government's annual growth forecasts and is higher than the projections of some organisations such as the IMF and the Bank of Spain. At current prices, GDP in 2022 stood at Euro 1,328,922 million, 10.1% higher than in 2021, which practically means a recovery of GDP to pre-pandemic levels.

The figures for the last quarter reflect a slightly worse economic scenario. Household consumption fell by 1.8% in the last three months of the year, after growth of 1.8% in the third quarter. Investments fell by 3.8%, after a drop of -0.6% in the third quarter. In fact, one of the few items that has grown in recent months has been public administrations expenditure, which has increased by 1.9%. The forecasts for 2023 confirm a particularly limited growth in line with the year 2022.

During the 2022 financial year Exprivia SLU focused on the rationalisation of its production structure, which, starting from the second half of the year, produced a significant improvement in all economic indicators. Although the final revenues are in line with the year 2022, good performance was recorded in the public market with the awarding of significant contracts with state-owned companies operating in the transport and administrative services sector. In the private market, a significant tender was awarded by a customer in the Utilities sector. The 2023 financial year is expected to grow significantly on all economic indicators, in continuity with the fourth quarter of 2022 and thanks to the actions taken by local management.

Brazil

2022 had a GDP (gross domestic product) value of approximately 3% and the bank interest rate (SELIC average) stood at 13.75%, inflation growth (HICP) stood at 5.6%, down compared to 2022.

This year the company has improved its turnover and the economic and financial indicators, modifying its offer portfolio, aligning itself with the parent company with projects on CRM, Big Data, Security, Application Service, SAP, software development and “digital transformation" consulting, basically discontinuing the business related to licence resales, which in the 2021 financial year contributed significantly to the company's results in terms of turnover and, to a lesser extent, margin.

During 2022, a new customer was acquired, a leading local company in the food sector in Brazil, with a contract for services and projects in the software and SAP development field.

The analysis of potential Brazilian customers continues, to increase the number of customers and the portfolio of services provided.

Brazil is going through a series of political and institutional upheavals due to the inauguration of a new government and the consequent protests; therefore, it remains essential to monitor the political context and repercussions in terms of economic and labour policy.

China

After the sharp slowdown of the Chinese economy, especially in the Q2 2022, GDP growth at the end of the year was around 3%. A much lower value than the initial forecasts of 5.3% and compared to the numbers recorded in recent years. Growth of between 4-6% is expected in 2023.
The year 2022 has so far been impacted by a series of extraordinary events that have affected the country's economic situation: the resurgence of the pandemic and the related “Covid zero” policy imposed by the central government, the communist party congress renewing the President Xi's mandate and the great difficulty of the Real Estate sector with the crisis experienced by the largest construction companies in the country.
The COVID situation was unblocked at the end of 2022 and from January 2023 all travel restrictions (internal and international), centralised quarantine facilities for positive-testing people and the need for COVID tests every 24/72 hours to be able to access public transport were removed.
This sudden decision, combined with the very low vaccination rates and the population's lack of exposure to the virus, has led to a strong wave of infections throughout the country. A wave of infections that was to reach one of its peaks in the weeks following the Chinese New Year (20-28 January). However, the health situation seems to be under control.
The situation of great uncertainty linked to these significant events had an impact both on foreign companies present in the territory and on the presence of foreigners in China. In fact, the number of foreigners in China has significantly reduced after COVID compared to before the pandemic. The presence of Italians has decreased from 10,000 AIRE-registered people to less than 5,000 (3,000 in Shanghai/Suzhou and 1,000 in the South of the country) and is continuously decreasing.
The phenomenon is also evident from the point of view of the presence of foreign companies: those already present in China and with interests directed at the domestic market continue to have a strong desire in maintaining a local presence and anticipate making investments, while companies oriented towards pure outsourcing anticipate a progressive reduction in their presence in China and do not in any case envisage making investments in the area.
The majority of Exprivia customers fall into the category of companies that have opened branches and factories mainly to serve the local market and this, therefore, has given a boost to the activities of 2022 and generated good prospects for 2023 (with the exception for Q1 2023 which may be affected by the Q4 2022 closures linked to the 2023 Chinese new year).
Therefore, despite the uncertain economic outlook of the country, Exprivia China closed 2022 with a growth in line with the previous year and essentially confirming the results both in terms of net revenues and margins.

Mexico

For the year 2022, Mexico confirms moderate growth rates (+2.1%) against an inflation (CPI) of 8.7% and an interbank interest rate of 10.5%. Exprivia Mexico closed 2022 with a negative result due to the failure to launch some important projects initially planned by an important customer in the Utilities sector. In this regard, the Latam area was characterised in 2022 by a strong and unexpected economic and financial imbalance in the energy business, which was reflected in investments in the IT area. The company also suffered from a turnover that impacted both the management figures and the technical team. For the year 2023, the retention of existing contracts until expiry and the start of activities on an important tender awarded at the end of the 2022 financial year are expected. In 2023 the action of local management will be focused on the rationalisation of overhead costs and improvement of margins.

Germany

The Space Economy reference market was consolidated in 2022, when the foundations were laid for take-off in the coming years. Between 2021 and 2027, Europe's total budget allocated to the sector was Euro 14.8 billion, the highest sum ever allocated by the EU for Space, in an increasingly growing Space Economy market. ACS DE GmBh recorded largely positive results for the year 2022, recording a significant improvement in all reference economic indicators. The acquisition of an important order from a leading intergovernmental organisation confirms its role as a reference IT partner in the Defence and Aerospace market.

Risks and Uncertainties

Internal Risks

Risks related to dependence on key staff members

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

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

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

Risks related to dependence on customers

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

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

Risks related to contractual commitments

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

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

Risks related to internationalisation

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

External Risks

Risks arising from the general conditions of the economy

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

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

Risks related to ICT services

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

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

Risks related to competition

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

Risks related to changes in legislation

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

Risk related to climate change

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

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

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

Cyber security risk

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

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

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

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

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

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

Financial Risks

Interest Rate Risk

At the end of November 2020, Exprivia took out a bank loan agreement backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan, pursuant to the Liquidity Decree (Italian Decree Law no. 23 of 08/04/2020 converted into Italian Law no. 40 of 05/06/2020), which envisages a variable interest rate. This is joined by other loans, some of which are variable interest rate loans and others subsidised loans, the latter being linked to funded research and development projects, as well as the fixed-rate bond issued in 2017.

With reference to loans, the situation and evolution of the repayments of payables outstanding at 31 December 2022 in the following years are as follows:

Description	**Balance at 31/12/2022**	**Current portion**	**Non-current portion**				
		12 month repayments	24 month repayments	36 month repayments	48 month repayments	60 month repayments	Repayments after 5 years
Current bank debt	**24,412**	9,015	5,594	5,267	4,058	176	302
Bond issues	**9,178**	9,178	-	-	.	-	.

Interest rate risk is due to the exposure of floating rate loans. At 31 December 2022, the Group's medium/long-term debt relating to floating rate bank loans amounted to Euro 20,559 thousand, broken down into the short-term portion, amounting to Euro 6,621 thousand, and the long-term portion, amounting to Euro 13,938 thousand.

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

The loans taken out with the Ministry of Economic Development, those taken out by foreign subsidiaries and the Bond loan maturing in 2023 are not exposed to interest rate risk, as they provide for the application of a fixed rate.

Credit Risk

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

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

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

Liquidity Risk

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

Exchange Rate Risk

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

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

Risk deriving from the Russia-Ukraine conflict

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks associated with the macroeconomic context

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

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

Material Events in 2022

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.

On 15 March 2022, Exprivia's Board of Directors approved the annual report at 31 December 2021.

On 1 April 2022, a declaratory deed was signed before the Notary De Costa in Milan, bearing the assumption, by the company Nuovo Polo Impiantistico S.p.A., of the entire corporate structure of the company Italtel SpA. The assumption took effect from the same date of 1 April 2022. Also with effect from 1 April 2022, the company Italtel S.p.A. changed its company name to BETA TLC S.p.A. and transferred its registered office to Rome.

On 28 April 2022, the Ordinary Shareholders' Meeting of Exprivia SpA has approved the financial statements at 31 December 2021. The Shareholders' Meeting also resolved to distribute a dividend to Shareholders in the amount of Euro 0.0480 gross per eligible ordinary share with the detachment of coupon no. 11 on 9 May 2022. Finally, the Shareholders' Meeting has approved the issuance of a new authorisation to purchase and sell treasury shares.

On 27 June 2022, the Shareholders' Meeting of the sole shareholder (see next paragraph) resolved to put Beta TLC SpA into liquidation, the effectiveness of which is subject to the favourable opinion of the holders of the participating financial instruments (PFIs) outstanding by virtue of the same investments regulations. The special meetings of the holders of the PFIs were called on 14 March 2023 and in second call on 16 March 2023. 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 Beta TLC SpA, as Exprivia has not assumed contractual or legal obligations, either implicit or explicit, and as there are no commercial relations or significant economic interests.

Transactions within Exprivia Group

On 14 June 2022, Exprivia purchased 19% of the share capital of Beta TLC SpA (formerly Italtel SpA) from Cisco Systems International BV, thus bringing its stake in the company to 100%.

Events after 31 December 2022

There are no events to report.

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 28-29 April 2022.

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 28-29 April 2022.

Exprivia's Stock Market Performance

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

The share capital at 31 December 2022 consists of 51,883,958 shares with a nominal unit value of Euro 0.52.

ISIN Stock Exchange Code: IT0001477402

Symbol: XPR

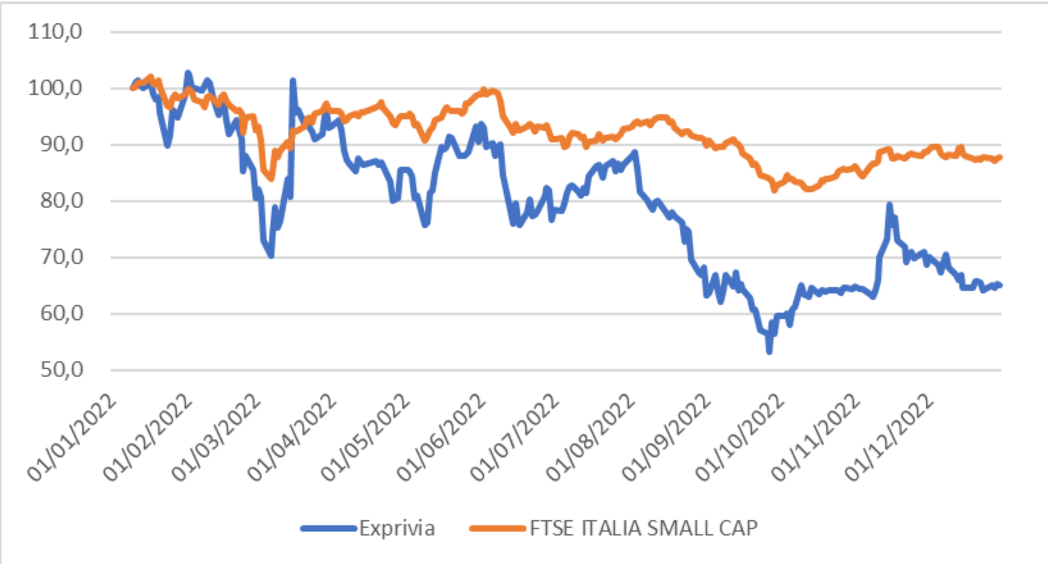
Composition of Shareholders

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 2022, the shareholder structure of Exprivia was as follows:

Shareholders	Share	Amount held
Abaco Innovazione SpA	24,145,117	46.54%
Azioni proprie detenute	5,183,058	9.99%
Altri azionisti	22,555,783	43.47%
Total shares	**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 2022 and with reference to the twelve months prior to this date.



Business Outlook

We believe we can remain firmly anchored also in 2023 to progressive growth in line with market trends. The first few months of 2023 opened with good signals in specialised markets such as Aerospace and Digital Healthcare, also driven by technologies such as Artificial Intelligence and Cybersecurity. We hope to continue to use the opportunities offered in Italy by the NRRP, and to maintain a focus on foreign markets where we hope to strengthen our presence.

Exprivia is able to continue in 2023 on the path of investments for growth: innovation in services, in solutions, continuous training of our employees, looking with renewed attention to Artificial Intelligence, Cybersecurity, the Space Economy, the new Healthcare, with Telemedicine at the forefront.

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 June 2022, the SI-ROBOTICS Healthy and Active Ageing project was completed through SocIal ROBOTICS. The project saw the collaboration of 17 Bodies (Public and Private) throughout Italy and involved an investment of Euro 1.2 million, allowing to increase know-how within the company with regard to social and welfare robotics, evaluating possible models and implementing the following experimental scenarios:

- Coaching and diagnosis support scenario in hospitals
- Bedside patient monitoring scenario
- Hospital rehabilitation scenario
- Telepresence scenario

The following projects were launched:

- The **SCIAME - Smart City Integrated Air Mobility Evolution** project, developed in collaboration with DTA, Tecno Sky, University of Salento and Bari Polytechnic, aims to develop solutions to support UAS (UAM/AAM) operations security in urban areas, UAM innovative services for smart cities and new smart urban and underground mobility solutions integrating new air mobility services into land mobility.
- The **CALL FO IDEAS - IOT Predictive Maintenance Platform for 3rd millennium** project, in collaboration with the University of Salento and Magaldi Group, aims to create an easy-to-install predictive maintenance platform to meet the needs of customers wishing to gradually implement process automation systems integrated with information systems, progressively refining the acquisition of process information. The platform starts from IoT devices (suitable for analysing different physical phenomena), allows the integration of different sites in a secure manner according to the most advanced protocols and downstream of the collection of field information, displays the information in a predictive analysis and dashboarding environment to send data to a back-end system. In fact, the information collected in the field will be used to activate predictive AI logics both to optimise production information, and to provide suggestions for improved maintenance activities and to suggest better approaches regarding sustainability from an ESG perspective.
- The project **Casa delle Tecnologie Emergenti in Taranto: Casa dell'Innovazione per il one health one health** envisages the creation of an infrastructured digital ecosystem acting as a technological touchpoint both for the use and for the development of One Health innovative solutions. CALLIOPE will be part of the activities of the "Innovation District" of the Municipality of Taranto. It will consist of a platform for the development, training and dissemination of innovations on a strong technological and scientific basis in terms of One Health, both in terms of monitoring and observation and for intervention and protection of human, animal and environmental health. The research results will be exploited by technology transfer structures working together with national and international industrial companies based in Southern Italy.

Three European Digital Innovation Hubs have started:

- **P.R.I.D.E. (POLO REGIONALE PER L'INNOVAZIONE DIGITALE EVOLUTA - REGIONAL POLE FOR ADVANCED DIGITAL INNOVATION)** intends to support the digital transformation of SMEs operating in strategic sectors in Campania (transport, biotechnology, utilities, agri-food, fashion). The

PRIDE project offers services capable of supporting and accelerating the digital transformation of the economy and industry of Campania, allowing businesses, citizens and public administrations to benefit from its advantages.

- **ARTES 5.0 Restart Italy** aims at the widespread national adoption of digital technologies, with a particular focus on artificial intelligence and robotics, to fuel sustainable, human-centred and resilient value chains. ARTES 5.0 will operate as a hubs-and-spokes network for highly qualified aggregations of skills and stakeholders, designed to transfer skills to Micro, Small and Medium Enterprises and the Public Administration. ARTES 5.0 will offer innovation services specifically designed to accelerate the digital and ecological transition in various economic sectors such as health and quality of life, sustainable manufacturing, regeneration economy, creative and cultural industry.
- **HSL HERITAGE SMARTLAB** aims to create the largest, most structured and qualified European Digital Innovation Hub - based in Basilicata with two spokes in Campania and Puglia - specialised in the Cultural Heritage and Cultural and Creative Industries sector.

Exprivia actively participates in three Foundations:

- **D.A.R.E.** The main project objective is to create the conditions for the consolidation of a multidisciplinary skills centre recognised at national and international level for digital tools and strategies to support human health prevention. Digital technologies will make it possible to exploit the data full potential through the identification of new patho-physiological mechanisms linking risk factors to diseases, the optimisation of already available risk factors knowledge for the design of new prevention interventions, risk stratification and assessment of the impact of health interventions on individuals and populations. We will adopt a life-course logic with particular attention to generational and gender implications and to the mitigation of disparities in territorial terms and with regard to access to prevention services.
- **G.R.I.N.S.** The intention is to develop an integrated set of diverse geo-referenced databases for the study of the different aspects relevant for the analysis of the status and the evolution of the economic and social conditions of the Italian territories and of the economic system as a whole. The project objective is to make available to both public and private players, as well as to the national research system, an accessible platform usable in real time also as a meeting point for the joint development of additional specialised platforms. The Partnership contributes to the construction of integrated repositories and data analysis platforms from diverse sources, also and above all in real time.
- **N.E.S.T.** aims to connect the main university laboratories and research groups and the main national research bodies, identifying interdisciplinary skills in order to develop technologies for the conversion and use of renewable sources. The primary mission of the NEST network is to build competent Italian leadership, consistent with the excellence of partners and affiliates, able to support the growth of a new generation of energy technologies, researchers and research infrastructures for a future sustainable and resilient energy sector.

Events and Sponsorships

The Exprivia Group is constantly committed to supporting corporate and business initiatives of national and international standing. In particular, in 2022 Exprivia supported various initiatives broken down by area of interest and by business sector, confirming its support for business network organisations and universities.

In 2022, with the relaxation of COVID contagion precautionary measures, the organisation of in-person and hybrid events started again.

Events by proposing division	2022	2021
Corporate	48	71
Markets	39	40
Total	**87**	**111**

Numerous corporate - institutional initiatives and relevant national and international business events were held. A slight quantitative decrease was recorded in the 2022 initiatives, in favour of a qualitative growth in the initiatives pursued, especially of an international nature.

Events by type	2022	2021
Corporate brand	41	58
Business	46	53
Total	**87**	**111**

The aforementioned table shows a reduction in corporate brand initiatives in 2022, aimed at conveying the brand in order to reinforce its visibility and prestige, on which Exprivia relied heavily in the previous year, in favour of business initiatives. The increase in business events, compared to the 2022 corporate events, is due to the need for lead generation (an activity that had waned with the pandemic) and to communicate the latest in innovative solutions, skills and services to the market with the aim of increasing business in the relevant sector and promoting ongoing partnerships.

The Exprivia Group reconfirmed its support for cultural initiatives during the year, reiterating the importance of culture as a fundamental asset for humanity, even for a technology company. Only through direct involvement is it possible to achieve better social, environmental and economic conditions, and Exprivia's identity lies precisely in the protection and enhancement of culture. The study of art, history and philosophy, their relationship linking the past with the present, is an authentic element of social innovation, in a context in which, increasingly often, the language of culture permeates the company management processes, providing substance to the vision of the future.

Culture and knowledge further innovation and vice versa, therefore it is the Exprivia Group's conviction that each company has the duty to imagine and plan the future and, when possible, anticipate it. Also through the development of cultural initiatives.

The Group supports various cultural initiatives of national and local scope, and sponsors events aimed at developing the culture of its staff and employees as well as the citizens of the territories in which it operates.

The following list shows the most significant cultural initiatives that the Group supported during 2022:

• Il Libro Possibile Festival, 06-09 July 2022, Polignano a Mare (BA);

• Conversazioni dal Mare, the open-air cultural topical event - 01-03 July 2022, Molfetta (BA);

• Libri nel Borgo Antico – 25-29 August 2022 – Bisceglie (BA);

• Trani Dialogues, 20-25 September 2022 - Bari and surroundings;

• History Lessons, 16 October - 31 December 2022, Bari.

In December 2022, Exprivia dedicated a happy interlude to its corporate population, hosting three internal events during the Christmas holidays, with the aim of expressing thanks to all employees who manage the business with a great sense of responsibility and professionalism.

Management Training and Development

The success and growth of the Exprivia Group are directly linked to the excellence of our people; the men and women at Exprivia express their high level of professionalism to guarantee the image of the Company. To achieve this result, Exprivia invests in training and enhancement, establishing the conditions for a cooperative and motivating working environment. In a competitive scenario, characterised by constant change, people are encouraged to strive for continuous improvement and training, thanks to the Performance Appraisal system and renewed investment in market place training platforms, which support the development of professional expertise. The values of professionalism, innovation, attention to quality, well-being and focus on objectives are the key components of the Group's HR management policies. The challenges of the reference market on which Company operates demand a special focus on professional retraining, ongoing training and innovation, applied to both technological skills and the managerial culture. In particular, the main training investments in 2022 concerned:

- Managerial Development of Top Management in order to improve skills for change while building a solid team capable of creating the right space for talent to emerge throughout the organisation.
- Upskilling and Reskilling: through pre-hiring academies, training camps for reskilling, and universities for upskilling. Furthermore, with the aim of initiating a major investment in the development of Artificial Intelligence skills and abilities, we launched a skills assessment among our IT professionals and initiated focus groups with Company Management.

During 2022, we also began testing (with first training sessions) the new framework to be adopted in Exprivia for ICT careers: Exprivia Career Path. The career path programme is based on international frameworks and is focused on influencing the growth mindset of our people by activating informed choices for personal growth, and continuous training to see every circumstance as an evolutionary opportunity.

With regard to **Training**, the total number of training hours delivered in 2022 amounted to 43,032 hours (99 of which in foreign offices) involving 10,018 participants. The total number of hours of the courses was delivered almost entirely online. In the context of the 2022 Training Master Plan (2022 TMP), the following training courses are of particular interest:

- Cloud University Systems & Networking;
- Cloud University Developer;

* IT Management training courses: aimed at Project Managers, Service Managers and Delivery Managers, with a focus on both company management systems knowledge and on role-specific typical soft skills;
* Master MBA, provided by Spegea Corporate Business School;
* Second-Level Master in DATA SCIENCE of the Department of Computer Science of the University of Bari Aldo Moro and the Department of Electrical and Information Engineering of the Bari Polytechnic Institute, launched in 2021 and continued in 2022;
* Healthcare Company Management Executive Master, of the Luiss Business School S.p.A., launched at the end of 2022 and continuing in 2023.

Two important training initiatives were carried out in the area of compliance:

* SA8000: training action to accompany the recent Social Accountability certification, management system for social accountability;
* ISO 37001: training action accompanying the recent certification on the management system for the prevention of corruption.

With regard to the **Recruiting & Talent Acquisition** processes, in 2022, 270 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 30 resources, recruited to cover Contact Centre activities for a total of 300 resources recruited in Italy. In foreign countries, 43 new graduates and qualified personnel were hired. In total, between the Italian and foreign perimeter, total new recruits for the entire 2022 financial year is therefore 343.

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

The 2022 projects focused on SAP ERP, Medical Systems, Enterprise and Data Driven Application systems and, last but not least, Cyber Security. The CoreAcademy initiative, the ambitious project, created and co-financed by Exprivia, in collaboration with the Federico II University of Naples and distinguished Partners in the ICT world, continued in 2022.

Staff and Turnover

The table below shows the companies' workforce at 31 December 2022, compared with that at 31 December 2021.

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		Avarage temparary	
	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022
Exprivia SpA	1833	1815	1828	1828	4	4	4	5
Exprivia Projects Srl	450	460	445	460	0	0	0	0
Advanced Computer Systems Srl Germany	8	8	8	8	0	0	0	0
Exprivia It Solutions Shanghai	17	18	15	18	1	0	1	2
Expriva SLU (Spagna)	28	29	30	31	4	2	5	3
Prosap SA de CV/Prosap Centramerica SA	16	8	13	17	0	0	0	0
Exprivia do Brasil Servicos de Informatica Ltda	35	40	29	41	15	25	6	19
Spegea Scarl	6	6	6	6	0	0	0	0
HR Coffee	6	8	6	8	0	0	0	0
Total	**2399**	**2392**	**2380**	**2417**	**24**	**31**	**16**	**29**
of which Management	40	47	41	45				
of which Middle Management	241	237	234	240				

The number of resources, employees and collaborators at 31 December 2022 was equal to 2,423 employees (equal to the number of resources at 31 December 2021).

The average number of resources, employees and collaborators, referring to the year 2022, is equal to 2,446 (2,396 for the year 2021), an increase of 50 units.

Integrated Management System

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

We believe that sustainability is an indispensable value for Exprivia, which takes on the form of respecting people, the environment and society as a whole. Exprivia ensures its commitment to Sustainable Development through constant attention to ESG (Environment, Social and Governance) aspects. In fact, in 2022 Exprivia obtained the ISO 37001 (Prevention of Corruption), SA 8000 (Social Responsibility), ISO 45001 (Occupational Health and Safety) and ISO 14064-1 (reporting on greenhouse gas emissions) certifications.

Certifications	Purpose of the Management System
ISO 9001, (Exprivia and Exprivia Projects) ISO 13485 and EC Marking Medical Devices (MDD) (Exprivia)	The Quality Management Systems are certified in accordance with the ISO 9001 standard to define, maintain and improve the company processes by gradually identifying new objectives consistent with those of the highest levels defined in the Quality Policy. For the design and development of the Exprivia medical systems, ISO 13485 and the medical devices directive have been adopted.
ISO 20000-1, (Exprivia) ISO 27001, ISO 27017, ISO 27018, (Exprivia) ISO 22301 (Exprivia)	They enable the adoption of industry best practices and increasingly meet the needs of stakeholders for IT service management (ISO 20000-1), information security (ISO 27001), and business continuity management (ISO 22301). In 2020, in providing ICT solutions in the cloud, Exprivia felt the need to extend the scope of information security by following the Guidelines of ISO 27017 "Information security controls for cloud services" and ISO 27018 "Protection of personally identifiable information (PII) in public clouds acting as PII processors".
ISO 18295 (Exprivia and Exprivia Projects)	The standard provides a framework applicable to any Contact Centre – both inbound and outbound – which wishes to satisfy the requirements and expectations of all the stakeholders involved (principal, users, operators of the Contact Centre), while continuously improving performances by using the results of the KPIs defined. The certification – which is a service certification rather than a management system certification – was obtained in 2018 and is a preferential and distinctive qualification (compared with ISO 9001 certification) for customers who wish to commission Contact Centre services.
ISO 14001 (Exprivia and Exprivia Projects) (Achieved for Projects in 2022) ISO 14064-1 (Exprivia and Exprivia Projects) (Achieved in 2022)	ISO 14001 certification enables the identification and minimisation of the environmental impacts of production activities. Reducing greenhouse gases requires suitable tools for quantifying and verifying emissions calculations and reporting activities. ISO 14064-1 outlines a working methodology based on a scientific and systematic approach to GHG reporting and monitoring.
ISO 37001 (Exprivia) (Achieved in 2022)	Exprivia's Corruption Prevention Management System is based on ISO 37001 and contributes to the development of an ethical culture in companies by operating according to principles of transparency, in compliance with the current regulatory framework. The certification allows the application of an organisational and developmental model, which is based on a culture of legality and promotes constant actions to improve business processes.
SA 8000 (Exprivia) (Achieved in 2022)	Exprivia identifies its commitment to social issues as a key focus and priority, in accordance with the SA 8000 Standard (Social Accountability), through the adoption of a Social Accountability Management System. The SA 8000 Standard is based on ILO (International Labour Organization) conventions, the Universal Declaration of Human Rights, and the United Nations Convention on the Rights of the Child.
ISO 45001 (Exprivia and Exprivia Projects) (Achieved in 2022)	The Occupational Health and Safety Management System makes workplaces safer and healthier, and prevents work-related illnesses and injuries, with a view to continuous improvement.

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

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

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

Effective 31 March 2008, Exprivia adopted its Organisation, Management and Control model under Italian Legislative Decree no. 231/2001 and set up a Supervisory Board, entrusted to supervise the operation and compliance of the same Mode, whose members do not hold any director role in the Group companies.

This model is integrated with the principles and provisions of the Exprivia Code of Ethics. The unique nature of Exprivia's governance system, processes and policies is thus confirmed, which also focuses on developing a corporate culture that fully complies with the principles of conduct for all of Exprivia.

The internal Organisation Model is made up of a General Section and eight special sections which contain the protocols for the prevention of the specific offences envisaged by the Decree; the Supervisory Body is responsible for the control thereof. The Model is kept updated, and the most recent version in force was approved by the Board of Directors on 20 December 2022.

In particular, with resolution of 20 December 2022, the Board of Directors approved the new special part H of the 231 Organisational Model, dedicated to the prevention of Tax Offences.

Exprivia's Supervisory Board meets periodically and carries out its activities in observance of the tasks assigned to it by the Model and the Regulation it has independently adopted, all with the aim of supervising the model's operation and of updating it.

The new Supervisory Body was appointed on 20 December 2022 and will remain in office until the appointment of the new Board of Directors, which will take place with the approval of the financial statements at 31 December 2023, as detailed in the Report on Corporate Governance and Ownership Structure approved by the Board at the same time as this report.

In 2022, Exprivia's Supervisory Board did not receive any reports, nor identify any episodes of corruption.

Exprivia's Organisation, Management and Control Model - General Part is published on the Company's website in the section "Corporate Governance – Corporate Information" (https://www.exprivia.it/it-tile-4302-informativa-societaria/). The Code of Ethics is also available to the public on the Company's website in the "Corporate Social Responsibility - Governance - Code of Ethics" (https://www.exprivia.it/it-tile-4194-codice-etico/) section.

Inter-Company Relations

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

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

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

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

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

- widespread use of specific corporate marketing and communication competencies within the Group including the production of paper, digital and web-based promotional material;
- centralised management for the supply of specialist technical resources between Group companies to manage critical points in turnover and to give all operational units access to highly specialised technical competencies;
- coordinated participation by Exprivia in public contract tenders, with the contribution of all companies according to their specific competencies.

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 Exprivia SpA and Exprivia Projects Srl.

Relations with Related Parties

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

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

Pursuant to art. 5, paragraph 8, of the Regulation, it should be noted that, in the 2022, no significant transactions were completed (as set forth in Art. 4, paragraph 1, lett. A) and identified by the aforementioned Procedure pursuant to the Annex 3 of the Regulation), nor other transactions with related parties that had a significant impact on the consolidated financial position or on the results of the Group in the reference period.

The transactions with related parties carried out by the Company during 2022 fall within the scope of normal business operations and were carried out on an arm's length basis. No atypical or unusual transactions were carried out with related parties.

Report on Management and Coordination Activities

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

In exercising management and coordination activities:

- Abaco Innovazione SpA (hereinafter also the "Parent Company") has not caused any damage to the interests and assets of the Exprivia Group;

- full transparency of inter-company relations was ensured, in order to allow anyone who may be interested to verify whether this principle is being observed;
- transactions with Abaco Innovazione SpA were carried out on an arm's length basis, i.e., under conditions that would have been applied by independent parties.

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

In accordance with art. 2.6.2 paragraph 8 of the Regulation of the Markets Organised and Managed by Borsa Italiana SpA, the Directors declare that, at 31 December 2022, 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 parent company Abaco Innovazione SpA at 31 December 2022 compared to 31 December 2021 are laid out below.

Receivables

Non-current Financial Assets

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione_Non-current financial receivables from parent company	0	467	(467)
TOTAL	**0**	**467**	**(467)**

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 parent company Abaco Innovazione SpA, with Euro 1,680 thousand disbursed in cash and Euro 1,305 thousand as a reclassification of receivables outstanding at 31 December 2015. At 31 December 2022, the non-current portion was zero.

Current Financial Assets

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione_Current financial receivables from parent company	475	468	7
TOTAL	**475**	**468**	**7**

The balance at 31 December 2022 of Euro 475 thousand is in relation to the current portion of the aforementioned loan, inclusive of interest income of approximately Euro 9 thousand.

Trade Receivables

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione_Trade receivables from parent companies	46	40	6
TOTAL	**46**	**40**	**6**

The balance at 31 December 2022 amounted to Euro 46 thousand compared to Euro 40 thousand in December 2021, and refers to receivables for administrative and logistics services.

Revenues and Income

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione_Financial income from parent companies	17	32	(15)
TOTAL	**17**	**32**	**(15)**

The balance at 31 December 2022 refers primarily to interest accrued from Abaco Innovazione SpA on a loan disbursed by Exprivia.

Financial Income and Charges

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione_Costs of a financial nature from parent companies	435	400	35
TOTAL	**435**	**400**	**35**

The balance of Euro 435 thousand at 31 December 2022 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 2022

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Consolidated Financial Statements at 31 December 2022

Consolidated Balance Sheet

Amounts in thousands of Euro			
	Notes	31/12/2022	31/12/2021
Property, plant and machinery	3.1	16,390	18,017
Goodwill	3.2	69,071	69,071
Other Intangible assets	3.3	8,144	9,278
Equity investments	3.4	816	841
Other Non-current Financial Assets	3.5	145	659
Other Non-Current Assets	3.6	682	736
Deferred tax assets	3.7	2,094	2,098
NON-CURRENT ASSETS		**97,342**	**100,700**
Trade Receivables	3.8	51,717	53,360
Inventories	3.9	913	942
Work in progress contracts	3.10	25,669	22,559
Other Current Assets	3.11	13,589	9,785
Other Current Financial Assets	3.12	710	715
Cash and cash equivalents	3.13	17,290	19,060
Other Financial Assets Measured at FVOCI	3.14	2	2
CURRENT ASSETS		**109,890**	**106,423**
TOTAL ASSETS		**207,232**	**207,123**

Amounts in thousands of Euro	Notes	31/12/2022	31/12/2021
Share capital	3.15	24,284	24,616
Share Premium Reserve	3.15	18,082	18,082
Revaluation Reserve	3.15	2,907	2,907
Legal Reserve	3.15	5,190	4,682
Other Reserves	3.15	31,258	23,984
Profits/(Losses) from previous years	3.15	(10,497)	(10,470)
Profit (Loss) for the year	3.41	11,533	10,138
SHAREHOLDERS' EQUITY		**82,757**	**73,939**
Minority Shareholders' Interests	3.15	85	50
GROUP SHAREHOLDERS' EQUITY		**82,672**	**73,889**
Non-Current Bond Issues	3.16		9,156
Non-current bank debt	3.17	15,398	20,831
Other Non-current Financial Liabilities	3.18	2,862	3,984
Other Non-current Liabilities	3.19	77	396
Provision for Risks and Charges	3.20	233	195
Employee Provisions	3.21	6,893	7,990
Deferred tax liabilities	3.22	1,814	1,595
TOTAL NON-CURRENT LIABILITIES		**27,277**	**44,147**
Current bond issues	3.23	9,178	4,551
Current bank debt	3.24	10,081	9,468
Trade Payables	3.25	27,273	28,522
Advance Payments on Contract Work in Progress	3.26	6,194	5,560
Other Financial Liabilities	3.27	3,417	2,265
Other Current Liabilities	3.28	41,055	38,671
CURRENT LIABILITIES		**97,198**	**89,037**
TOTAL LIABILITIES		**207,232**	**207,123**

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Consolidated Income Statement

Amounts in thousands of Euro	Notes	2022	2021
Revenues	3.29	176,099	176,476
Other Income	3.30	7,613	5,250
TOTAL REVENUES		**183,712**	**181,726**
Costs for Sundry Consumables and Finished Products	3.31	4,825	9,188
Staff Costs	3.32	112,566	108,212
Costs for Services	3.33	37,194	35,881
Costs for leased assets	3.34	832	631
Sundry operating expenses	3.35	1,627	1,148
Changes in inventories	3.36	(22)	72
Provisions and Write-downs of Current Assets	3.37	1,572	2,015
TOTAL COSTS		**158,594**	**157,147**
EBITDA		**25,118**	**24,579**
Amortisation, Depreciation and Write-downs of Non-Current Assets	3.38	5,923	6,431
EBIT		**19,195**	**18,148**
Financial Income (expense) and Other Investments	3.39	(2,620)	(2,993)
PROFIT (LOSS) BEFORE TAXES		**16,575**	**15,155**
Income taxes	3.40	5,042	5,017
PROFIT (LOSS) FOR THE YEAR	**3.41**	**11,533**	**10,138**
Attributable to:			
Shareholders of the parent company		11,534	10,170
Third parties		(1)	(32)
Earnings (loss) per share	3.42		
Basic earnings (loss) per share		0.2290	0.2148
Diluted earnings (loss) per share		0.2290	0.2148

Consolidated Statement of Comprehensive Income

Amounts in thousands of Euro			
Description	**Notes**	**2022**	**2021**
Profit (loss) for the year	**3.41**	**11,533**	**10,138**
Other comprehensive profits (losses) that will not be subsequently reclassified to profit/(loss) for the year			
Actuarial profit (loss) due to the application of IAS 19		515	113
Tax effect of changes		(119)	(27)
Total other comprehensive profits (losses) that will not be subsequently reclassified to profit (loss) for the year	**3.15**	**396**	**85**
Other comprehensive profits (losses) that will be subsequently reclassified to profit (loss) for the year			
Change in the translation reserve		271	82
Profit (loss) on cash flow hedge derivatives		0	(1)
Total other comprehensive profits (losses) that will be subsequently reclassified to profit (loss) for the year	**3.15**	**271**	**81**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**12,200**	**10,304**
attributable to:			
Group		12,192	10,334
Third parties		8	(30)

Statement of Changes in Consolidated Shareholders' Equity

Amounts in thousands of Euro	Share capital	Treasury shares	Share premium reserve	Revaluation reserve	Legal Reserve	Other Reserves	Retained Earnings (Losses carried forward)	Profit (loss) for the year	Total Shareholders' Equity	Minority Shareholders' Interests	Total Group Shareholders' equity
Balance at 31/12/2020	**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
Currency translation reserve						82			82	0	82
Profit (loss) on financial assets FVOCI						(1)			(1)		(1)
Total Comprehensive Income (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**
Allocation of previous year result					508	7,166	2,464	(10,138)	-	-	.
Dividend distribution							(2,258)		(2,258)		(2,258)
Reclassification of dividends on treasury shares						233	(233)		-		-
Purchase of treasury shares		(332)				(814)			(1,146)		(1,146)
Other movements						22			22	27	(5)
Components of the overall result											
Profit (loss) for the year								11,533	11,533	(1)	11,534
Effects deriving from the application of IAS 19						396			396	9	386
Currency translation reserve						271			271	-	271
Total Comprehensive Income (Loss) for the year									**12,200**	**8**	**12,192**
Balance at 31/12/2022	**26,980**	**(2,696)**	**18,082**	**2,907**	**5,190**	**31,258**	**(10,497)**	**11,533**	**82,757**	**85**	**82,672**

Consolidated Cash Flow Statement

Amounts in thousands of Euro	Notes	2022		2021	
Cash Flow Statement	**3.43**				
Income management transactions:					
Profit (loss) for the year	**3.41**	11,533	(1)	10,138	(1)
Amortisation, depreciation, write-downs, provisions and other non-monetary elements		7,839		8,775	
Employee Severance Indemnity Fund (TFR)		5,372		5,207	
Employee Severance Indemnity Fund advances/payments		(5,954)		(5,834)	
Change in fair value of derivatives		193		9	
Cash flow generated (absorbed) by the income management	**a**	**18,983**		**18,296**	
Increases/Decreases in current assets and liabilities:					
Change in inventories and advances		(2,577)		28	
Change in receivables from customers		969		(4,895)	
Change in receivables from parent companies/associates		(61)		(103)	
Change in receivables from others and tax receivables		(4,670)		167	
Change in trade payables		(1,200)		3,135	
Change in payables to parent companies/associates		(49)		(110)	
Change in tax and social security payables		(193)		2,002	
Change in payables to others		2,577		288	
Cash flow generated (absorbed) by current assets and liabilities	**b**	**(5,204)**		**512**	
Cash flow generated (absorbed) by operating activities	**a+b**	**13,779**		**18,808**	
Investment activities:					
Purchases of property, plant and equipment net of consideration for disposals		(571)		(893)	
Change in intangible assets		(1,529)		(1,826)	
Change in non-current assets		69		(567)	
Net change in other financial receivables		503	(2)	806	(2)
Cash flow generated (absorbed) by investing activities	**c**	**(1,528)**		**(2,480)**	
Financial assets and liabilities					
New medium/long-term loans		2,283	(2)	2,143	(2)
Repayments of medium/long-term loans		(12,827)	(2)	(13,250)	(2)
Net change in other financial payables including other current payables to banks		(14)	(2)	(14,064)	(2)
Changes in other non-current liabilities and use of provisions for risks		(352)		(13)	
(Purchase)/Sale of treasury shares		(1,146)		0	
Dividends paid		(2,258)		0	
Change in shareholders' equity		293		50	
Cash flow generated (absorbed) by financing activities	**d**	**(14,021)**		**(25,134)**	
Flow of cash and cash equivalents	**a+b+c+d**	**(1,770)**		**(8,807)**	
Cash and cash equivalents at the beginning of the year		19,060		27,867	
Cash and cash equivalents at the end of the year		17,290		19,060	

(1) of which for taxes and interest paid during the year	6,201	6,856

(2) The sum of the related amounts (Euro -10,055 thousand at 31 December 2022 and Euro -24,365 thousand at 31 December 2021) represents the overall change in net liabilities deriving from financing activities. For the reconciliation with the values shown in the Balance Sheet, see the comment on net financial debt reported in Note 3.17 - Non-current payables to banks.

Explanatory Notes to the Consolidated Financial Statements of the Exprivia Group at 31 December 2022

1. GENERAL INFORMATION

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

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

The financial statements of Exprivia Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

2. LEGAL REFERENCES, PREPARATION POLICIES AND PRESENTATION

2.1 Certification of compliance with IFRS

In application of European Regulation no. 1606/2002 of 19 July 2002 and 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 2022, 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 2022. 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 2022 provided by the management bodies of the consolidated companies. The consolidated financial statements were prepared under the general policy of giving an accurate and truthful presentation of the Group's financial standing, economic result and cash flows, while adopting the going-concern assumption, and the general policies of accrual basis accounting, presentation coherence, relevance and aggregation, rule against offsetting and comparability of information. The reporting period and the closing date for preparing the consolidated financial statements correspond to those of the financial statements for the Parent Company and for all the consolidated companies. The consolidated financial statements are prepared by applying the historical cost method considering, where appropriate, the value adjustments, with the exception of the financial statement items that according to the IFRS must be measured at fair value, as indicated in the measurement criteria described below. The consolidation principles and valuation criteria indicated below were applied consistently to all financial years presented, unless otherwise indicated. The consolidated financial statements are presented in thousands of Euro, which is the currency used by the Parent Company Exprivia, and all figures are rounded off to thousands of Euro, unless stated otherwise. The consolidated financial statements provide comparative information referring to the previous financial year.

The schedules in the financial statements are the following:

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

The financial statements format is the same as that adopted in the Annual Financial Report at 31 December 2021.

Adjustments to comparative data

In order to make the disclosure of data more intelligible, the presentation was changed for certain items in the comparative data of the income statement presented in accordance with IAS 1, with respect to data published in the financial statements at 31 December 2021. This had no effect on the result and net equity at that date. In particular, the following were reclassified:

- within the item “Other income” from the sub-item “other revenues and income” to the sub-item “operating grants” for Euro 121 thousand relating to training contributions;
- from the item “other operating expenses” to the item “costs for services” Euro 46 thousand relating to advertising costs.

2.2 Accounting Policies and Valuation Criteria

2.2.1 General information

The Consolidated financial statements at 31 December 2022 were drafted in accordance with art. 154-ter of Italian Legislative Decree no. 58/98, as well as the applicable Consob provisions.

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

On 15 March 2023, 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 Italian Legislative Decree no. 39/2010 and in execution of the Shareholders' Meeting resolution of 23 April 2014.

2.2.2 Additional information on changes in accounting standards

Accounting standards, amendments and interpretations applicable from 1 January 2022

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

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Group
COVID-19-related lease concessions beyond 30 June 2021 Amendment to IFRS 16	Amendment	Mar-21	1-Apr-2021	IFRS 16	30-Aug-2021	31-Aug-2021	1-Apr-2021
Annual improvements to the 2018–2020 IFRS® standards	Annual improvements	May-20	1-Jan-2022	IFRS 16, IFRS 9, IFRS 1, IAS 41	28-Jun-2021	2-Jul-2021	1-Jan-2022
Property, plant and machinery: collections before intended use (Amendments to IAS 16)	Amendment	May-20	1-Jan-2022	IAS 16	28-Jun-2021	2-Jul-2021	1-Jan-2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	Amendment	May-20	1-Jan-2022	IFRS 3	28-Jun-2021	2-Jul-2021	1-Jan-2022
Onerous contracts - Cost of performance of a contract (Amendments to IAS 37)	Amendment	May-20	1-Jan-2022	IAS 37	28-Jun-2021	2-Jul-2021	1-Jan-2022

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

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 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 newly adopted standard/amendment has no impact on the valuation of the Group's assets, liabilities, costs and revenues as the payments relating to the contracts subject to IFRS 16 have not changed.

Annual improvements to the 2018-2020 IFRS standards

Amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. All amendments will enter into force on 1 January 2022.

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

Property, plant and machinery: collections before intended use (Amendments to IAS 16)

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

Reference to the conceptual framework (Amendments to IFRS 3)

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

Onerous contracts - Cost of performance of a contract (Amendments to IAS 37)

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.

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

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

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

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Group
Initial application of IFRS 17 and IFRS 9 - Comparative information	Amendment	Dec-21	1-Jan-2023	IFRS 17, IFRS 9	8-Sep-2022	9-Sep-2022	1-Jan-2023
Deferred taxes relating to assets and liabilities deriving from a single transaction	Amendment	May-21	1-Jan-2023	IFRS 1, IAS 12	11-Aug-2022	12-Aug-2022	1-Jan-2023
Disclosure on accounting standards (Amendments to IAS 1 and IFRS Practice Statement 2)	Amendment	Feb-21	1-Jan-2023	Practical statement 2, IAS 1, IFRS 8, IAS 34, IAS 26, IFRS 7	2-Mar-2022	3-Mar-2022	1-Jan-2023
Definition of Accounting Estimates (Amendments to IAS 8)	Amendment	Feb-21	1-Jan-2023	IAS 8	2-Mar-2022	3-Mar-2022	1-Jan-2023
Amendments to IFRS 17	Amendment	Jun-20	1-Jan-2023	IFRS 3, IAS 36, IFRS 9, IAS 1, IAS 38, IAS 32, IFRS 17, IFRS 4, IAS 40, IAS 19, IAS 16, IFRS 15, SIC-27, IAS 36, IFRS 1, IAS 37, IAS 7, IAS 28, IFRS 5, IFRS 7	19-Nov-2021	23-Nov-2021	1-Jan-2023

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

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.

Disclosure on accounting standards (amendments to IAS 1 and IAS 8)

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.

IFRS 17 Insurance Contracts

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 held. 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. 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 an option to improve the relevance of the information to be provided to investors during the initial application of the new standard.

The accounting standard IFRS 17 “Insurance contracts” applies to all companies, not only to insurers, in fact it applies to insurance contracts issued regardless of the sector to which the issuer belongs.

The fundamental steps to assess the impact of first-time application are:

- Understanding whether the company has issued or issues any insurance contracts according to the definition contained in the accounting standard (even if they are not formally called insurance contracts).
- Understand whether these contracts are included in any of the exemptions from the scope of IFRS 17.
- Choose whether to adopt the optional exemptions for contracts to which IFRS 17 applies.

An insurance contract is a contract under which one of the parties (the issuer) accepts a significant insurance risk from another party (the policyholder) by agreeing to indemnify the policyholder in the event that the same suffers damages as a result of one of the specific uncertain future event (the insured event).
The following exemptions from the application of IFRS 17 are envisaged:

a) guarantees provided to the customer by the manufacturer, trader or retailer in relation to the sale of a good or the provision of a service;

b) the assets and liabilities of the employer deriving from employee benefit plans and the obligations for pension benefits recognised by defined benefit pension plans;

c) contractual rights or obligations depending on the future use or right of use of a non-financial element (for example, certain types of license fees, royalties, variable lease payments and other potential lease payments and similar elements: see IFRS 15, IAS 38 Intangible Assets and IFRS 16 Leases);

d) residual value guarantees granted by the manufacturer, trader or retailer and residual value guarantees granted by the lessee, when incorporated in a lease (see IFRS 15 and IFRS 16);

e) financial guarantee contracts, unless the issuer has previously expressly declared that they are insurance contracts and has applied to them the accounting treatment envisaged for insurance contracts. The issuer must choose whether to apply IFRS 17 or IAS 32 Financial Instruments to these financial guarantee contracts. The issuer may make this choice for each individual contract, but the choice made is then irrevocable;

f) contingent consideration to be paid or received in a business combination transaction;

g) insurance contracts in which the entity is the policyholder, unless they are reinsurance contracts;

h) credit card contracts or similar contracts, which offer credit or payment instruments, which meet the definition of an insurance contract, if, and only if, the entity does not reflect the assessment of the insurance risk associated with the individual customer in determining the price of the contract with said customer.

The following optional exemptions from the application of IFRS 17 are envisaged:

- Some contracts meet the definition of an insurance contract, although their primary objective is the provision of services at a fixed price. The entity issuing these contracts may choose to apply IFRS 15 to them instead of IFRS 17 if, and only if, specific conditions are met. The entity may make this choice for each individual contract, but the choice made is then irrevocable. The conditions are as follows:
  a) the price set by the entity for the contract concluded with the customer does not reflect an assessment of the risk associated with that customer;
  b) the contract envisages as consideration for the customer the provision of services, rather than payment in cash; and the insurance risk transferred by the contract derives mainly from the use of the services by the customer, rather than from the uncertainty of the cost of those services.
- Some contracts fall within the definition of an insurance contract, but limit the compensation for insured events to the amount otherwise necessary to extinguish the policyholder's obligation created by the contract (e.g. loans with waiver in the event of death). The entity must choose to apply IFRS 17 or IFRS 9. The entity must make this choice for each portfolio of insurance contracts and the choice is irrevocable.

Although not formally referred to as insurance contracts, the analysis of the scope of application of IFRS 17 shows that some contracts could fall within the scope of application of the standard; however, for such contracts, the group will presumably avail itself of the option of exemption of application. Therefore, no impacts are expected from the first-time application of IFRS 17.
With reference to changes made to existing and upcoming accounting standards, their adoption is not expected, at this time, to have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Accounting standards, amendments and interpretations not yet approved

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

Description	Type of document	Date of issue	Effective date	Standard	Approval date	Publication in the Official Gazette	Effective date for the Company
Non-current Liabilities with Covenants	Amendment	Oct-22	1-Jan-2024	IAS 1, Statement of Practice 2			
Lease Liability in a Sale and Leaseback Amendments to IFRS 16	Amendment	Sep-22	1-Jan-2024	IFRS 16			
Classification of liabilities as current or non-current - Deferral of the date of entry into force (Amendment to IAS 1)	Amendment	Jul-20	1-Jan-2023	IAS 1			
Classification of liabilities as current or non-current (Amendments to IAS 1)	Amendment	Jan-20	1-Jan-2023	IAS 1			

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

On 22 September 2022, the IASB issued the document *Lease Liability in a Sale and Leaseback*, which amends IFRS 16, clarifying how a sale and leaseback transaction is accounted for after the transaction date. A sale and leaseback is a transaction for which a company sells an asset and rents the same asset for a period of time from the new owner. IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, IFRS 16 did not specify how to measure the transaction at the time of reporting after that date. The amendments issued today are in addition to the sale and leaseback requirements of IFRS 16, thus supporting the consistent application of the Accounting Standard. The amendments are effective for years beginning on or after 1 January 2024, with early adoption permitted.

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

2.2.3 Consolidation Criteria

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

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

Subsidiaries are consolidated line-by-line in consolidated accounts starting from the date in which control is established and until the Group no longer holds such control. The carrying amount of the interests in subsidiaries is eliminated from the accounts against the related shareholders' equity for the year, not including the profit or loss for the year. The share of shareholders' equity and profit or loss pertaining to minority interests is reported under the item "Minority interest" in the Balance Sheet and under the item "Minority interest" in the Income Statement and the Statement of comprehensive income. The profit (loss) for the year and each of the other comprehensive income are attributed to the shareholders of the parent company and to minority interest. The result of the Income Statement and the Statement of comprehensive income for a subsidiary is attributed to minorities also when this means minority interests have a negative balance. The attribution of profits and losses is carried out in accordance with the provisions of IFRS 10 par. 94 and 95, therefore taking into account the forecasts of waterfalls, where present. Profits arising from transactions between consolidated companies and not yet realised with respect to third parties are eliminated in the same way as receivables, payables, income, charges, guarantees, commitments and risks between consolidated companies. The loss of control determines the recognition in the income statement: (i) of any capital gain/loss calculated as the difference between the consideration received and the corresponding consolidated net assets sold; (ii) the effect of the alignment to the related fair value of any residual investment retained; (iii) any values recognised in the other components of comprehensive income relating to the former subsidiary for which the reversal to the income statement is required. The value of any equity investment retained, aligned with the related fair value at the date of loss of control, represents the new carrying amount of the equity investment and therefore the reference value for the subsequent valuation of the equity investment according to the applicable valuation criteria.

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

Consolidation of Foreign Companies

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

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

The primary exchange rates used for conversion into Euro of the financial statements of foreign companies at 31 December 2022 were as follows:

FOREIGN CURRENCY	Average for the 12 months at 31 December 2022	At 31 December 2022
Brazilian Real	5.440	5.639
US dollar	1.053	1.067
Peruvian Nuevo Sol	4.038	4.046
Hong Kong dollar	8.245	8.316
Renminbi -Yuan (China)	7.079	7.358
Mexican peso	21.187	20.856
Guatemalan Quetzal	8.160	8.371

2.2.4 Business Combinations

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

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

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

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

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

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

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

2.2.5 Accounting estimates used in preparing the financial statements

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

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

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

Conflict between Russia and Ukraine and possible impacts on business continuity

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

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

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

2.2.7 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 2021, except as previously indicated in relation to accounting standards, amendments and integrations applicable from 1 January 2022.

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 no. 58/98").

2.2.7.1 - Property, plant and machinery

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

After initial recognition, plant, machinery and other assets are entered at cost, net of accumulated depreciation and any impairment. The depreciated value of each significant component of a property, plant and equipment, with a different useful life, is 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.

2.2.7.2 Goodwill

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

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

2.2.7.3 Other intangible assets

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

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

2.2.7.4 Equity investments in other companies and associated companies

Equity investments in other companies are measured at FVOCI.

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

- the carrying amount of the equity investments is aligned with the shareholders' equity of the investee company adjusted, when necessary, to reflect the application of accounting standards compliant with those applied by the Parent Company and includes, when applicable, the recognition of any goodwill identified at the time of acquisition;
- the profit or loss attributable to the Group is accounted for in the consolidated income statement from the date on which significant influence started and until the date on which it stops. If due to losses the company has a negative shareholders' equity, the carrying amount of the equity investment is cancelled and any excess belonging to the Group is recognised in a dedicated provision, only if the Group has committed to fulfilling legal or implicit obligations of the associate or in any event to covering its losses.

The changes in shareholders' equity of the associate companies not resulting from the profit or loss are accounted for as a direct adjustment of the reserves;

- unrealised gains and losses generated on transactions carried out between the Parent Company/Subsidiaries and Associated Companies are eliminated based on the value of the Group's shareholding in the investee companies. Unrealised losses are eliminated unless they are representative of impairment losses.

2.2.7.5 Leases

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

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

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

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

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

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

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

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

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

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

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

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

- computers, phones and tablets;

- office and multifunction printers;
- other electronic devices.

2.2.7.6 Government grants

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

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

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

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

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

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

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

2.2.7.8 Financial assets (excluding derivative instruments)

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

a) Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2.7.9 Financial liabilities (excluding derivative instruments)

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

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

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

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

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

2.2.7.10 Offsetting financial assets and financial liabilities

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

2.2.7.11 Inventories

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

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

2.2.7.12 Work in progress contracts

Work in progress is recognised according to the state of progress or percentage of completion so that costs, revenues and margin are carried according to the state of progress determined by referring to the ratio between costs incurred at the date of valuation and total expected cost. The valuation reflects the best estimate of programmes carried out at the reporting date. The estimates are updated periodically. Any economic effects are accounted for in the financial year in which the updates are made. If completed contract work is expected to result in a loss, this is recognised entirely in the financial year in which it is reasonably forecast based on the provisions stated in IAS 37 "Provisions, contingent liabilities and contingent assets". Work in progress contracts are carried without including any write-down provisions as well as payments on account and advances for the contract in progress. Whenever the difference is positive for work in progress higher than the amount of advance payments then it is classified under assets in the item in question. Whenever this difference is negative the amount is classified under liabilities in the item "advance payment 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.

2.2.7.13 Cash and cash equivalents

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

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

2.2.7.14 Treasury shares

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

2.2.7.15 Employee benefits

Short-term benefits

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

Defined benefit plans

The Group grants its employees benefits under the Employee Severance Indemnity 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.

2.2.7.16 Share-based payments - Stock grant

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

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

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

2.2.7.17 Contingent assets and liabilities

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

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

2.2.7.18 Provisions for risks and charges

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

2.2.7.19 Derivative instruments

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

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

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

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

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

2.2.7.20 Asset transfers

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

2.2.7.21 Revenues

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.

2.2.7.22 Costs

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

2.2.7.23 Financial income and charges

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

2.2.7.24 Dividends

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

2.2.7.25 Income taxes

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

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

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

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

2.2.7.26 Earnings (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.

2.2.7.27 Currencies

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

Transactions in foreign currency are converted into the reporting currency at the rate of exchange on the date of the transaction. 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.

2.3 Financial risk management

The Exprivia Group is exposed to the following financial risks:

Interest Rate Risk

At the end of November 2020, Exprivia took out a bank loan agreement backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan, pursuant to the Liquidity Decree (Italian Decree Law no. 23 of 08/04/2020 converted into Italian Law no. 40 of 05/06/2020), which envisages a variable interest rate. This is joined by other loans, some of which are variable interest rate loans and others subsidised loans, the latter being linked to funded research and development projects, as well as the fixed-rate bond issued in 2017.

With reference to loans, the situation and evolution of the repayments of payables outstanding at 31 December 2022 in the following years are as follows:

Description	Balance at 31/12/2022	Current portion	Non-current portion				
		12 month repayments	24 month repayments	36 month repayments	48 month repayments	60 month repayments	Repayments after 5 years
Current bank debt	**24,412**	9,015	5,594	5,267	4,058	176	302
Bond issues	**9,178**	9,178	-	-	.	-	.

Interest rate risk is due to the exposure of floating rate loans. At 31 December 2022, the Group's medium/long-term debt relating to floating rate bank loans amounted to Euro 20,559 thousand, broken down into the short-term portion, amounting to Euro 6,621 thousand, and the long-term portion, amounting to Euro 13,938 thousand.

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

The loans taken out with the Ministry of Economic Development, those taken out by foreign subsidiaries and the Bond loan maturing in 2023 are not exposed to interest rate risk, as they provide for the application of a fixed rate.

Credit Risk

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

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

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

Liquidity Risk

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

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

Exchange Rate Risk

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

2.3.1 Reconciliation of financial assets and liabilities according to IFRS 7

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

Financial assets at 31/12/2022	Loans and receivables "amortised cost"	Equity investments measured at fair value through OCI (FVOCI)	Equity investments measured at fair value through PL (FVPL)	Derivative financial instruments Hedge Accounting financial assets measured at fair value through OCI (FVOCI)	Financial instruments available for sale "FVOCI"	Total
Amounts in thousands of Euro						
Non-current assets						
Financial Assets	135					135
Derivative financial instruments				10		10
Equity Investments in associated companies			544			544
Equity Investments in Other Companies		272				272
Other Non-Current Assets	682					682
Total Non-current Assets	**817**	**272**	**544**	**10**	**-**	**1,643**
Current Assets						
Trade receivables	51,717					51,717
Other Financial Assets	710				2	712
Other current assets	13,589					13,589
Cash and cash equivalents	17,290					17,290
Total Current Assets	**83,306**	**-**	**-**	**-**	**2**	**83,308**
TOTAL	**84,123**	**272**	**544**	**10**	**2**	**84,951**

Financial liabilities at 31/12/2022	Loans and payables "amortised cost"	Derivative financial instruments "financial liabilities measured at FV through profit and loss" (FVPL)	Derivative financial instruments Hedge Accounting financial liabilities measured at fair value through OCI (FVOCI)	Financial instruments available for sale "FVOCI"	Total
Amounts in thousands of Euro					
Non-current Liabilities					
Current bank debt	15,398				15,398
Other financial liabilities	2,857				2,857
Derivative financial instruments		5			5
Other non-current liabilities	77				77
Total Non-current Liabilities	**18,332**	**5**	**-**	**-**	**18,337**
Current Liabilities					
Current bond issues	9,178				9,178
Trade Payables and Advances	33,467				33,467
Other financial liabilities	3,417				3,417
Current bank debt	10,081				10,081
Other Current Liabilities	41,055				41,055
Total Current Liabilities	**97,198**	**-**	**-**	**-**	**97,198**
TOTAL	**115,530**	**5**	**-**	**-**	**115,535**

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

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

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

Financial Liabilities-	of which		Analysis of maturities of the non-current portion			
	Current	Non-current	within 12 months	between 1 and 2 years	between 3 and 5 years	over 5 years
Bank payables	10,081	15,398	5,545	9,368	485	0
Bond issues	9,178	0	0	0	0	0
Financial payables for leasing	1,826	2,847	2,106	741	0	0
Other financial liabilities	1,590	15	5	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.

2.4 Scope of Consolidation

The Consolidated Financial Statements at 31 December 2022 include the statement of financial position, income statement and cash flows of the Parent Company Exprivia and its subsidiaries in accordance with IFRS 10, except for Beta Tlc SpA as, given its current inoperative status, resulting from the full takeover of its assets and liabilities by Nuovo Polo Impiantistico SpA (now Italtel SpA) with immediate effect on 1 April 2022, the effects are immaterial under IAS 1 par. 7.

The 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, 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 Mexico SA de CV	International business
ProSAP Perù SAC	International business
ProSAP Centroamerica S.A (Guatemala)	International business
Exprivia Chile Spa	International business
Spegea Scarl	Other

The main data at 31 December 2022 for the aforementioned subsidiaries, consolidated using the line-by-line method, are provided below:

Company	Registered office	Currency	Share capital	Currency	Profit/(loss) for the year	Shareholders' Equity	Total revenues	Total Assets	% owned and shareholders	
Advanced Computer Systems D-Gmbh	Offenbach (Germany)	Euro	25,000	amounts in thousands of Euro	82	201	1,783	381	100.00%	Exprivia SpA
Consorzio Exprivia S.c.a.r.l	Milan	Euro	20,000	amounts in thousands of Euro	(1)	25	6	408	70.00% 25.00% 5.00%	Exprivia SpA Italtel SpA Exprivia Projects Srl
Exprivia ASIA Ltd	Hong Kong	Hong Kong dollar	2,937,850	amounts in thousands of Euro	(488)	(137)	-	840	100.00%	Exprivia SpA
Exprivia Chile SpA	Santiago del Chile	Chilean Pesos	1,000,000	Amounts in thousands of Euro	0	1	0	0	100%	Exprivia SpA
Exprivia It Solutions (Shanghai) Ltd	Shanghai (China)	Renminbi	3,719,450	amounts in thousands of Euro	(563)	25	2,073	1,005	100.00%	Exprivia ASIA Ltd
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brazil)	Real	5,890,663	amounts in thousands of Euro	128	1,459	2,777	2,004	100.00%	Exprivia SpA
Exprivia Projects Srl	Rome	Euro	242,000	amounts in thousands of Euro	457	1,261	11,986	4,864	100.00%	Exprivia SpA
HRCOFFEE Srl	Molfetta (BA)	Euro	200,000	amounts in thousands of Euro	(153)	(209)	174	329	70.00% 30.00%	Exprivia SpA natural persons
Spegea Scarl	Bari	Euro	125,000	amounts in thousands of Euro	133	434	1,078	1,641	60.00% 40.00%	Exprivia SpA Confindustria Bari
Exprivia SLU	Madrid (Spain)	Euro	197,904	amounts in thousands of Euro	(367)	301	1,864	1,196	100.00%	Exprivia SpA
ProSap Centroamerica SA	Guatemala City (Guatemala)	Quetzal	5,000	amounts in thousands of Euro	(193)	-	-	-	98.00% 2.00%	Exprivia Mexico SA de CV Exprivia SpA
Exprivia Mexico SA de CV	Mexico City (Mexico)	Mexican Pesos	41,208,999	amounts in thousands of Euro	(1,078)	492	580	1,782	2.00% 98.00%	Exprivia SLU Exprivia SpA
ProSap Perù SAC	Lima (Peru)	Nuevo Sol	706,091	amounts in thousands of Euro	(17)	-	-	-	100.00%	Exprivia SLU

The primary exchange rates used for conversion into Euro of the financial statements of foreign companies at 31 December 2022 were as follows:

FOREIGN CURRENCY	Average for the 12 months at 31 December 2022	At 31 December 20212
Brazilian Real	5.440	5.639
US dollar	1.053	1.067
Peruvian Nuevo Sol	4.038	4.046
Hong Kong dollar	8.245	8.316
Renminbi -Yuan (China)	7.079	7.358
Mexican peso	21.187	20.856
Guatemalan Quetzal	8.160	8.371

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

2.5 Segment reporting

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

At 31 December 2022, the IT (Information Technology) sector was identified as a single operating segment that includes Information Technology and IT software, solutions and services. This sector corresponds to the scope of consolidation of the Group.

3. Explanatory Notes on the Consolidated Balance Sheet

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

NON-CURRENT ASSETS

3.1 - Property, plant and machinery

The net balance relating to the item "**property, plant and machinery**" amounted to Euro 16,390 thousand at 31 December 2022 compared to Euro 18,017 thousand at 31 December 2021.

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

Category	Net value at 01/01/22	Historical cost increases at 31/12/2022	Historical cost decreases at 31/12/2022	Depreciation for the year	Decreases in accumulated depreciation at 31/12/2022	Net value at 31/12/22
Land	1,278	-	-	-	-	1,278
Buildings	12,433	121	(7)	(1,303)	6	11,250
Other assets	4,306	1,886	(1,633)	(1,957)	1,260	3,862
TOTALS	**18,017**	**2,007**	**(1,640)**	**(3,260)**	**1,266**	**16,390**

The increase in the item “**buildings**”, amounting to Euro 121 thousand is mainly attributable to the recognition of the right of use according to IFRS 16 for the renewal of the lease contracts pertaining to the companies Exprivia do Brasil, Exprivia Shanghai It Solutions and Exprivia SLU.

The increase in the item "**other assets**", amounting to Euro 1,886 thousand, mainly related to the recognition of the right of use according to IFRS 16 of medium/long-term car rental contracts for Euro 1,345 thousand, and to the purchase of electronic office equipment and computers for the technological renewal of information systems for Euro 521 thousand. The decreases in the item "other assets" were mainly due for Euro 1,081 thousand to the termination of certain medium- and long-term car rental contracts, for Euro 175 thousand to the scrapping of PCs and electronic office equipment, fully depreciated.

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

Please note that there 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), which was repaid in full by 31 December 2022. The request for the cancellation of the mortgage following the conclusion of the depreciation plan is still pending.

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 01/01/2022	Increases at 31/12/2022	Decreases at 31/12/2022	Amortisation and Depreciation	Decreases in accumulated depreciation at 31/12/2022	Net value at 01/01/2022
Land and buildings	2,742	120	(39)	(807)	0	2,016
Furniture and furnishings	33	-	0	(28)	0	5
Cars	2,516	1,322	(1,414)	(1,123)	1,073	2,374
TOTALS	**5,291**	**1,442**	**(1,453)**	**(1,958)**	**1,073**	**4,395**

The amounts relating to leases recognised in the income statement in 2022 are as follows:

Description	31/12/2022	31/12/2021	Change
Use of Leased Assets	**(208)**	**(195)**	**(13)**
Short-term leases	(28)	(26)	(2)
Leases of modest value	(180)	(169)	(11)
Amortisation, Depreciation and Write-downs of Non-Current Assets	**(1,925)**	**(1,875)**	**(50)**
Amortisation of rights of use of leased assets	(1,925)	(1,875)	(50)
Financial income (charges)	**(176)**	**(175)**	**(1)**
Interest expense for leased assets	(176)	(175)	(1)

For the sake of completeness, the table below shows the changes in 2021:

Category	Net value at 01/01/21	Historical cost increases at 31/12/2021	Historical cost decreases at 31/12/2021	Depreciation for the year	Decreases in accumulated depreciation at 31/12/2021	Net value at 31/12/21
Land	1,278	-	-	-	-	1,278
Buildings	12,970	2,361	(3,724)	(1,302)	2,128	12,433
Plant and Machinery	115	-	(266)	(0)	151	0
Other assets	4,666	2,403	(2,846)	(2,361)	2,444	4,306
TOTALS	**19,029**	**4,764**	**(6,836)**	**(3,663)**	**4,724**	**18,017**

3.2 Goodwill

The item "**goodwill**" amounted to Euro 69,071 thousand at 31 December 2022, unchanged from the figure at 31 December 2021.

Information on Impairment Tests performed on Goodwill

Scope

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

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

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

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

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

At 31 December 2022, the only CGU identified is the IT, software and IT services CGU, corresponding to the Exprivia Group's scope of consolidation. Goodwill amounting to Euro 69 million is allocated to the IT CGU, equal to the total value of the goodwill originated as a result of business combinations through which assets were acquired within the Exprivia Group.

Impairment Test Process and Assessment System

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

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

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

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

The operating cash flow projections for the explicit 5-year period used for value measurement purposes are based on the plans subject to approval of the Board of Directors on 27 February 2023.

It should be noted that, in line with ESMA recommendations, the current macroeconomic context and related uncertainties (direct and indirect effects of the Russia-Ukraine conflict, increase in interest rates, effects of inflation and residual effects of the COVID-19 pandemic). It should also be noted that the effects of these uncertainties are of insignificant impact, in fact the Group is not directly impacted by the Russia-Ukraine conflict and the specific future forecasts for the IT sector inferred from external sources show that the sector is not negatively impacted.

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

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

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

The weighted average cost of capital or WACC, was increased to incorporate an additional risk premium of 1%, which reflects the uncertainties related to future global economic scenarios 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 2023-2027 economic-financial forecasts are listed below:

- for 2023-2027, the projections reflect an annual compound average growth rate of Total Revenues of 3.4% (CAGR 2022-2027) and average profit margin of 13.9%.

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

Parameters	**Italy**	**Brazil**	**Hong Kong**	**Spain**	**Mexico**	**Germany**
Risk free rate	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%
Equity Risk Premium	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
D/E	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Unlevered beta	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%
Beta levered	62.1%	61.7%	62.4%	62.1%	61.9%	61.9%
Risk Premium	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Country Risk Premium	3.8%	5.2%	1.0%	2.8%	3.3%	0.0%
Additional risk premium	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cost of equity (Ke)	**9.48%**	**10.86%**	**6.7%**	**8.45%**	**9.0%**	**5.7%**
Risk free rate	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Spread	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Cost of debt (Kd Pre tax)	**3.90%**	**3.90%**	**3.9%**	**3.9%**	**3.9%**	**3.9%**

IRES/IS rate	24.0%	34.0%	16.5%	25.0%	30.0%	30.0%
Cost of debt (Kd after Tax)	**2.96%**	**2.57%**	**3.26%**	**2.9%**	**2.73%**	**2.73%**
D/D+E	6.52%	6.5%	6.5%	6.5%	6.5%	6.5%
E/D+E	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%
WACC	**9.06%**	**10.32%**	**6.51%**	**8.09%**	**8.56%**	**5.48%**
Weighting factor (EBITDA by country)	***97.01%***	***0.83%***	***0.60%***	***0.81%***	***0.16%***	***0.58%***
Weighted average WACC by country	**9.02%**					

Parameters	**Italy**	**Brazil**	**Hong Kong**	**Spain**	**Mexico**	**Germany**
G Rate (long-term CPI by country)	**2.00%**	**3.00%**	**2.50%**	**1.70%**	**3.00%**	**2.00%**
Weighting factor (EBITDA by country)	**97.12%**	**0.91%**	**0.63%**	**0.75%**	**0.29%**	**0.29%**
Weighted average G rate with average EBITDA by country	**2.01%**					

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

Sensitivity Analysis

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

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

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

Conclusions

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

3.3 Other intangible assets

The item "**Other intangible assets**" amounted to Euro 8,144 thousand at 31 December 2022 (net of amortisation) compared to Euro 9,278 thousand at 31 December 2021.

The table below provides a summary of the item.

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

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 "**Work in progress and advances**" mainly refers to "costs for capitalised internal projects" regarding development activities not yet completed in the Defence & Aerospace market; the decrease is mainly attributable to the creation of completed software applications and therefore amortised and reclassified under increases in the item "costs for capitalised internal projects".

The changes relating to 2021 are shown below

Category	Net value at 01/01/2022	Increases at 31/12/2021	Decreases at 31/12/2021	Amortisation for the year	Net value at 01/01/2022
Other intangible assets	2,098	167	(10)	(733)	1,522
Costs for Capitalised Internal Projects	4,682	2,438	-	(2,035)	5,085
Assets under construction and payments on account	3,440	620	(1,389)	-	2,671
TOTALS	**10,221**	**3,225**	**(1,399)**	**(2,768)**	**9,278**

3.4 Equity investments

The balance of the item "**equity investments**" at 31 December 2022 amounted to Euro 816 thousand compared to Euro 841 thousand at 31 December 2021.

The composition of equity investments is described below.

Equity Investments in associated companies

The balance of the item "**equity investments in associates**" at 31 December 2022 amounted to Euro 544 thousand compared to Euro 562 thousand at 31 December 2021 and referred to:

- Euro 538 thousand to the equity investment in QuestiT, a company established in 2007 as a spin-off of the Artificial Intelligence research group of the Siena Department of Information Engineering and specialised in Artificial Intelligence technologies and applications. The percentage of investment in this company is 24.9%;
- Euro 6 thousand to the investment in Urbanforce Scarl, a company specialising in the Salesforce market. The percentage of investment in this company is 28,57%.

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

Equity Investments in Other Companies

The balance of the item "equity investments in other companies" at 31 December 2022 amounted to Euro 272 thousand compared to Euro 279 thousand at 31 December 2021.

The table below provides details on the item:

Description	31/12/2022	31/12/2021	Change
Health Last Mile	3	3	-
Certia	1	1	-
Software Engineering Research & Practices	12	12	-
Biogene Consortium	3	3	-
DARe Consortium	1	1	-
DHITECH Consortium	17	17	-
H.BIO Puglia	12	12	-
Italy Care Consortium	10	10	-
DITNE Consortium	6	6	-
Distretto Tecnologico Aerospaziale Scarl	3	3	-
Equity investment in Daisy-Net Consortium	14	14	-
Cattolica Popolare Soc. Cooperativa	23	23	-
Innoval Scarl	3	3	-
Equity investment in the SILAB-Daisy Consortium	7	7	-
Equity investment in the ENFAPI CONFIND	1	1	-
AREAMEDICAL24 S.R.L.	111	111	-
Equity investment in the GLOBAL ENABLER Consortium	2	2	-
MEDISDIH Scarl	2	2	-
Cefriel Scarl	32	32	-
Banca di Credito Cooperativo di Roma	9	9	-
Createc Consortium	-	7	(7)
TOTAL	**272**	**279**	**(7)**

3.5 Other non-current financial assets

The balance of the item "**other non-current financial assets**" at 31 December 2022 amounted to Euro 145 thousand compared to Euro 659 thousand at 31 December 2021.

Details on the item in question are provided below:

Description	31/12/2022	31/12/2021	Change
Non-current financial receivables from parent companies	-	467	(467)
Non-current financial receivables from others	135	192	(57)
Derivative financial instruments	10	-	10
TOTALS	**145**	**659**	**(514)**

Non-current financial receivables from parent companies

The balance at 31 December 2022 was reclassified to the item "**current financial receivables from parent companies**" due to the repayment of the seventh and final instalment of the loan (Euro 475 thousand), which will be collected by April 2023.

Non-current financial receivables from others

The balance of the item "**non-current financial receivables from others**" at 31 December 2022 amounted to Euro 135 thousand compared to Euro 192 thousand at 31 December 2021.

This item refers to medium/long-term guarantee deposits of Euro 88 thousand and for Euro 47 thousand to financial receivables for leases deriving from some contracts with customers that include obligations qualified as leases and for which IFRS 15 was applied to recognise revenues and financial receivables from leases, equal to the future payments discounted at the implicit rate of the supply agreement.

Derivative financial instruments

The balance of the item "derivative financial instruments" at 31 December 2022 is equal to Euro 10 thousand and refers to a derivative product subscribed by Exprivia with Unicredit, initially linked to a loan with a floating interest rate and which, further to the renegotiation of the loan, no longer satisfies the requirements envisaged for hedge accounting and therefore the related fair value change has been recognised in the income statement.

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

- upon a change of +0.5% and +1%, the fair value would be a positive Euro 12 thousand and a positive Euro 14 thousand, respectively;
- upon a change of -0.5% and -1%, the fair value would be a positive Euro 8 thousand and Euro 7 thousand respectively.

This is an instrument valued at fair value level 2.

3.6 Other Non-current Assets

The balance of the item "**Other non-current assets**" at 31 December 2022 amounted to Euro 682 thousand compared to Euro 736 thousand at 31 December 2021**.**

The table below provides details on the item in question with a comparison with the composition at 31 December 2021.

Description	31/12/2022	31/12/2021	Change
Receivables from tax authorities	1	2	(1)
Receivables from tax authorities requested as reimbursement	53	53	(0)
Other Receivables	628	681	(53)
TOTALS	**682**	**736**	**(54)**

"**Other receivables**", amounting to Euro 628 thousand compared to Euro 681 thousand at 31 December 2021 refer primarily, for Euro 623 thousand, to the suspension of costs pertaining to subsequent years.

3.7 Deferred tax assets

The balance of the item "**Deferred tax assets**" amounted to Euro 2,094 thousand at 31 December 2022 compared to Euro 2,098 thousand at 31 December 2021, and refers to taxes on temporary deductible changes or future tax benefits.

Description	Amount of temporary differences	Tax effect at 31/12/2022	Amount of temporary differences	Tax effect at 31/12/2021
Amortisation and Depreciation	803	193	799	192
Bad debt provision	1,229	283	1,922	471
Provision for risks	1,862	521	1,305	367
Tax losses	1,630	464	760	506
Adjustments for IFRS/employee severance indemnity adjustment	785	182	785	182
Various	2,008	451	1,467	380
TOTALS	**8,317**	**2,094**	**7,038**	**2,098**

The table below shows the changes in 2022:

Description	Value at 31/12/2021	Increases	Uses	Value at 31/12/2022
Amortisation and Depreciation	192	31	(30)	193
Bad debt provision	471	0	(188)	283
Provision for risks	367	182	(28)	521
Tax losses	506	11	(53)	464
Adjustments for IFRS/employee severance indemnity adjustment	182	0	0	182
Various	380	85	(14)	451
Total	**2,098**	**309**	**(313)**	**2,094**

CURRENT ASSETS

3.8 Trade Receivables

The balance of the item "**Trade receivables**" at 31 December 2022 amounted to Euro 51,717 thousand compared to Euro 53,360 thousand at 31 December 2021.

The balance of the item at 31 December 2022 and at 31 December 2021 can be broken down as follows:

Description	31/12/2022	31/12/2021	Change
Trade Receivables from Customers	51,520	53,224	(1,704)

Trade Receivables from Associated Companies	151	96	55
Trade Receivables from Parent Companies	46	40	6
Total Trade Receivables	**51,717**	**53,360**	**(1,643)**

Trade Receivables from customers

At 31 December 2022, the balance of "**Trade receivables from customers**" amounted to Euro 51,520 thousand (net of the bad debt provision) compared to Euro 53,224 thousand at 31 December 2021. The table below provides details on the item in question with a comparison with 31 December 2021.

Description	31/12/2022	31/12/2021	Change
From Italian Customers	38,437	42,423	(3,986)
From Foreign Customers	7,033	9,840	(2,807)
From Public Entity Customers	8,477	7,451	1,026
Subtotal Receivables from Customers	**53,947**	**59,715**	**(5,768)**
Less: bad debt provision	(2,427)	(6,491)	4,064
Total Receivables from Customers	**51,520**	**53,224**	**(1,704)**

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

The table below shows the changes in 2022 relating to the bad debt provision:

Description	31/12/2022
Initial value at 31 December 2021	(6,491)
Provisions	(1,149)
Uses	4,720
Releases	493
Closing value at 31 December 2022	(2,427)

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

Detail	31/12/2022	31/12/2021	Change
To third parties	37,724	43,583	(5,859)
Invoices/credit notes to be issued to third parties	16,223	16,133	90
TOTALS	**53,947**	**59,715**	**(5,768)**

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

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

Receivables amount	of which		past due days								Bad debt provision	Receivables net of the provision
	to expire	expired	1-30	31-60	61-90	91-120	121-180	181-270	271-365	beyond		
37,724	29,626	8,098	1,973	1,055	591	427	246	197	66	3,543	(2,427)	35,291
100%	79%	21%	5%	3%	2%	1%	1%	1%	0%	9%		

Trade Receivables from Associated Companies

"**Trade receivables to associated companies**" at 31 December 2022 amounted to Euro 151 thousand compared to Euro 96 thousand at 31 December 2021 and referred to receivables from the associate Quest.it Srl.

Trade Receivables from Parent Companies

The balance of "**Trade receivables from Parent Companies**" at 31 December 2022 amounted to Euro 46 thousand compared to Euro 40 thousand at 31 December 2021 and refers to the receivable due to Exprivia from the holding company Abaco Innovazione SpA for the charge-back of administrative and logistics services governed by a framework agreement in effect between the parties.

3.9 Inventories

"**Inventories**" amounted to Euro 913 thousand at 31 December 2022 compared to Euro 942 thousand at 31 December 2021 and refer mainly to software and hardware purchased and destined to be sold in future periods.

The table below provides the detailed breakdown:

Description	31/12/2022	31/12/2021	Change
Finished products and goods	913	942	(29)
TOTALS	**913**	**942**	**(29)**

"**Finished products and goods**", net of the inventory write-down provision, amounted to Euro 913 thousand at 31 December 2022 compared to Euro 942 thousand at 31 December 2021 and represent the value of hardware products and sundry equipment for resale in subsequent periods. At 31 December 2022, the item refers almost exclusively to the Parent Company Exprivia.

3.10 Work in progress contracts

At 31 December 2022, the item "**work in progress contracts**" amounted to Euro 25,669 thousand compared to Euro 22,559 thousand at 31 December 2021 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	31/12/2022	31/12/2021	Change
Work in Progress (gross)	81,992	67,405	14,587
Advances from customers	(56,323)	(44,846)	(11,477)
Work in progress contracts	**25,669**	**22,559**	**3,110**
Advances from customers (gross)	48,865	47,292	1,573

Work in Progress	(55,059)	(52,852)	(2,207)
Advance Payments on Contract Work in Progress	**(6,194)**	**(5,560)**	**(634)**

The change in contract work in progress and the related incidence on revenues is essentially attributable to the delay in the invoicing cycle to some customers in the Healthcare and Energy & Utilities area, largely recovered in the first few months of 2023.

3.11 Other Current Assets

"**Other current assets**" amounted to Euro 13,589 thousand at 31 December 2022 compared to Euro 9,785 thousand at 31 December 2021.

Details are provided in the following table:

Description	31/12/2022	31/12/2021	Change
Current tax receivables	2,527	2,292	235
Current tax receivables	0	5	(5)
Receivables for grants	8,359	5,018	3,341
Sundry receivables	382	795	(413)
Receivables from social security institutions/INAIL	228	217	11
Receivables from employees	2	1	1
Costs pertaining to future years	2,091	1,457	634
TOTALS	**13,589**	**9,785**	**3,804**

"**Current tax receivables**" amounted to Euro 2,527 thousand, compared to Euro 2,292 thousand at 31 December 2021; they were mainly tax credits for research & development, VAT and withholding taxes on foreign receipts.

The item "**Grants receivable**", amounting to Euro 8,359 thousand versus Euro 5,018 thousand at 31 December 2021, 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 2022 is almost entirely attributable to the Parent company Exprivia.

"**Receivables from pension institutions/INAIL**", amounting to Euro 228 thousand compared to Euro 217 thousand at 31 December 2021, 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 65 thousand of Exprivia, Euro 2 thousand of Exprivia Projects Srl).

The item "**costs in future years expertise**" of Euro 2,091 thousand compared with Euro 1,457 thousand at 31 December 2021, refers to suspended costs pertaining to the following year.

3.12 Other Current Financial Assets

The balance of the item "**other current financial assets**" at 31 December 2022 amounted to Euro 710 thousand compared to Euro 715 thousand at 31 December 2021.

The following table provides details on the item as well as a comparison with 31 December 2021.

Description	31/12/2022	31/12/2021	Change
Current financial receivables from others	235	247	(12)
Current financial receivables from parent companies	475	468	7
TOTALS	**710**	**715**	**(5)**

Current financial receivables from others

The balance of "**current financial receivables from others**" amounted to Euro 235 thousand at 31 December 2022 compared to Euro 247 thousand at 31 December 2021 and refers mainly to guarantee deposits for Euro 24 thousand and to Exprivia's time deposits for guarantee commitments towards banks for Euro 202 thousand.

Current financial receivables from parent companies

At 31 December 2022, the balance of "**current financial receivables from parent companies**" amounted to Euro 475 thousand compared to Euro 468 thousand at 31 December 2021 and related to the current portion of the Parent Company's financial receivable (principal and interest) due from the parent company Abaco Innovazione SpA.

3.13 Cash and cash equivalents

The item "cash and cash equivalents" amounted to Euro 17,290 thousand at 31 December 2022 compared to Euro 19,060 thousand at 31 December 2021 and refers to Euro 17,232 thousand held at banks and Euro 58 thousand in cheques and cash in hand. Additionally, the bank balance does not include, at 31 December 2022, secured deposits for guarantees undertaken in favour of banks. For details on the changes in cash and cash equivalents, please refer to the specific Note relating to the Statement of Cash Flows.

3.14 Other Financial Assets Measured at FVOCI

The item "**other financial assets measured at FVOCI**" amounted to Euro 2 thousand at 31 December 2022, unchanged from at 31 December 2021, and it relates to financial instruments issued by Banca Popolare di Bari, i.e.:

40,176 shares of the above-mentioned bank for a total value of Euro 2 thousand at 31 December 2022;

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

3.15 SHAREHOLDERS' EQUITY

Share capital

The “Share Capital”, fully paid-up, amounts to Euro 26,980 thousand at 31 December 2022 and is shown net of treasury shares held at 31 December 2022 for an amount of Euro 24,284 thousand compared to Euro 24,616 thousand at 31 December 2021. The share capital is represented by 51,883,958 ordinary shares with a nominal value of Euro 0.52.

The number of treasury shares held at 31 December 2022 was 5,183,058 with a nominal value of Euro 2,696 thousand. Treasury shares purchase and sale transactions during the year were carried out by virtue of the resolution of the Shareholders' Meeting of 28 April 2022, when the Shareholders' Meeting approved the release of a new authorisation for the purchase and sale of treasury shares. The objective of the authorisation for the purchase and sale of treasury shares is to provide the company with an important instrument to be used in any equity investment acquisitions, share price stabilisation measures, in stock options or incentive plans for employees, managers, directors, collaborators in Italy and abroad and for treasury shares trading.

Share Premium Reserve

At 31 December 2022, the "**Share premium reserve**" amounted to Euro 18,082 thousand and is the same as 31 December 2021.

Revaluation Reserve

At 31 December 2022, the "**Revaluation reserve**" amounted to Euro 2,907 thousand and is the same as 31 December 2021. It should be noted that this item includes the tax realignment of the statutory values carried out by the Parent Company with reference to the properties in Molfetta, Via A. Olivetti 11 and Rome, Via Bufalotta; opportunity offered by Italian Decree Law no. 104 of 14 August 2020, art. 110, paragraph 8, by reference to paragraph 1 of art. 14 of Italian Law no. 342/00.

Legal Reserve

The "**Legal reserve**" at 31 December 2022 amounted to Euro 5,190 thousand compared to Euro 4,682 thousand at 31 December 2021. The change is related to the allocation of Euro 508 thousand of the 2021 result of the Parent Company as resolved by the shareholders' meeting on 28 April 2022.

Other Reserves

The balance of the item "**Other reserves**" at 31 December 2022 amounted to Euro 31,258 thousand compared to Euro 23,984 thousand at 31 December 2021. Changes in 2022 refer to:

- the positive effect of the allocation of the 2021 profit for Euro 7,166 thousand;
- the negative effect on the shareholders' equity deriving from the share premium paid in 2022 for the purchase of treasury shares for Euro 814 thousand.
- the positive effect of the change in the currency translation reserve for Euro 271 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 396 thousand;
- the positive effect on the shareholders' equity deriving from the reclassification of the dividend on treasury shares for Euro 233 thousand;
- other negative changes for Euro 22 thousand.

Profits/(Losses) from previous years

The item "**Profit/loss from previous years**" at 31 December 2022 was Euro (10,497) thousand compared to Euro (10,470) thousand at 31 December 2021. The change relates to:

- to the increase relative to the allocation of the result from the previous year of Euro 2,464 thousand;
- the decrease relating to the distribution of the dividend made by the Parent Company to its shareholders, for Euro 2,258 thousand;
- the decrease relating to the reclassification of the dividend relating to treasury shares held by the Parent Company, for Euro 233 thousand.

Minority Shareholders' Interests

"Minority Shareholders' Interests" at 31 December 2022 were positive for Euro 85 thousand compared to Euro 50 thousand at 31 December 2021.

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

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

Description	Result at 31/12/2021	Shareholders' equity at 31/12/2021	Result at 31/12/2022	Shareholders' equity at 31/12/2022
Exprivia SpA	**10,165**	**76,351**	**11,974**	**85,290**
Contribution of consolidated companies (Shareholders' Equity and Profit)	(1,937)	3,875	(865)	3,357
Elimination of equity investments	1,851	(8,625)	988	(8,194)
Goodwill	0	2,280	-	2,280
Elimination of dividends	0	0	(547)	-
Other consolidation adjustments	57	57	(18)	24
Minority Shareholders' Interests	32	(6)	1	(85)
Total Group Shareholders' equity	**10,170**		**11,533**	**82,672**

NON-CURRENT LIABILITIES

3.16 Non-Current Bond Issues

The balance at 31 December 2022 was reclassified to the item "**current bonds**" due to the repayment of the instalments payable in the following 12 months.

3.17 Non-current Payables to Banks

At 31 December 2022, the balance of the item "**Non-current payables to banks**" amounted to Euro 15,398 thousand compared to Euro 20,831 thousand at 31 December 2021, 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 15,398 thousand) and the current portion (Euro 9,015 thousand) of the loan payables.

Financial institution	Type	Contractual amount	Amount disbursed at 31/12/2022	Contract date	Expiry date	Repayment instalment	Rate applied	Residual capital at 31/12/2022	To be repaid within 12 months	To be repaid after 12 months
Pool - Lead Partner Banca Popolare di Puglia e Basilicata	Loan	20,000	20,000	27/11/2020	30/09/2026	quarterly	Euribor + 1.60%	18,601	4,951	13,650
Banca del Mezzogiorno Mediocredito Centrale	Loan	3,500	3,500	23/06/2017	23/06/2027	quarterly	Euribor + 2.75%	1,569	1,569	
Banca Popolare Puglia e Basilicata	Revolving loan	2,000	2,000	24/03/2017	with revocation	single installment	Euribor + 2.07%	2,000	2,000	
MISE NCUP	Loan	863	863	14/09/2016	17/11/2025	annual	0.31%	314	102	212
MISE Horizon 2020	Loan	929	594	16/02/2017	30/06/2026	half-yearly	0.80%	341	88	254
MISE Instamed project	Loan	455	455	27/09/2019	30/06/2029	half-yearly	0.16%	346	48	298
MISE Prosit project	Loan	504	504	05/02/2020	31/12/2029	half-yearly	0.17%	415	53	362
MISE Bigimaging project	Loan	336	336	14/10/2019	30/06/2029	half-yearly	0.16%	250	36	214
MISE FINDUSTRY 4.0	Loan	353	110	23/04/2021	31/12/2029	half-yearly	0.18%	92	12	79
Banca Monte dei Paschi di Siena	Loan	450	450	17/11/2020	31/10/2026	monthly	Euribor + 1.90%	389	101	288
Bankinter	Loan	100	100	01/07/2020	01/07/2025	monthly	2.80%	66	25	41
Bankinter	Loan	30	30	29/12/2022	29/03/2022	monthly	2.00%	30	30	0
Total								**24,412**	**9,015**	15,398

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, (Italian Decree Law no. 23 of 8 April 2020 converted into Italian Law no. 40 of 5 June 2020) and is backed by a SACE SpA guarantee covering 90% of the amount of the loan.

The loan provides for contractual conditions, commitments and terms in line with bank credit market standards for loans of the same amount and duration, such as representations and warranties, commitment covenants, limitations on significant extraordinary transactions, financial indebtedness and significant investments, obligation to maintain adequate insurance coverage, mandatory and optional early repayment clauses, cross default, etc. The loan prohibits the distribution of dividends and/or the purchase of treasury shares in the 12 months following the date of the Loan Request, as envisaged by the Liquidity Decree; 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
31.12.2022	≤ 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 2022, the financial covenants had been met.

At 31 December 2022, the residual debt amounted to Euro 18,601 thousand, Euro 13,650 thousand of which is to be repaid in 2024-2026 (and recorded under current liabilities) and Euro 4,951 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

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

It should be pointed out that, by contract, the entire amount of the next two instalments was secured in the dedicated current account at 31 December 2022.

The residual debt at 31 December 2022 amounted to Euro 1,569 thousand, fully classified under current liabilities in compliance with international accounting standards, due to the capital decrease pursuant to art. 2447 of the Italian Civil Code of the investee Beta Tlc SpA (formerly Italtel SpA), which would entitle the bank to terminate the loan agreement. It should be noted that, until the date of preparation of this Report, the bank has not exercised the right to terminate the agreement.

CUP 2.0 low-interest loan

This is a loan agreement of Euro 863 thousand executed in favour of Exprivia (formerly Exprivia Healthcare IT Srl), of which the full amount approved was disbursed at 31 December 2022. This loan is targeted at financing 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%.

At 31 December 2022, the residual debt amounted to Euro 314 thousand, Euro 212 thousand of which is to be repaid in 2024-2025 (and recorded under current liabilities) and Euro 102 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved in favour of Exprivia (formerly ACS Srl) up to a maximum of Euro 929 thousand and disbursed for Euro 341 thousand at 31 December 2022. The loan requires repayment in six-month instalments, expires on 30 June 2026 and bears a below-market fixed rate of interest of 0.80%. At 31 December 2022, the residual debt amounted to Euro 341 thousand, Euro 254 thousand of which is to be repaid in 2024-2026 (and recorded under current liabilities) and Euro 88 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved and disbursed on 27 September 2019 for Euro 455 thousand in favour of Exprivia. The loan requires repayment in six-month instalments, expires on 30 June 2029 and bears a below-market fixed rate of interest of 0.16%. At 31 December 2022, the residual debt amounted to Euro 346 thousand, Euro 298 thousand of which is to be repaid in 2024-2029 (and recorded under current liabilities) and Euro 48 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved and disbursed on 14 October 2019 for Euro 336 thousand in favour of Exprivia. The loan requires a repayment in half-yearly instalments with maturity on 30 June 2029 and is subject to interest at a subsidised fixed rate of 0.16%. At 31 December 2022, the residual debt amounted to Euro 250 thousand, Euro 214 thousand of which is to be repaid in 2024-2029 (and recorded under non-current liabilities) and Euro 36 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved and disbursed on 5 February 2020 for Euro 504 thousand in favour of Exprivia. The loan requires repayment in six-month instalments, expires on 31 December 2029 and bears a below-market fixed rate of interest of 0.17%. At 31 December 2022, the residual debt amounted to Euro 415 thousand, Euro 362 thousand of which is to be repaid in 2024-2029 (and recorded under current liabilities) and Euro 53 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved for Euro 353 thousand and disbursed on 23 April 2021 in the amount of Euro 110 thousand in favour of Exprivia. The loan requires repayment in six-month instalments, expires on 31 December 2029 and bears a below-market fixed rate of interest of 0.18%. At 31 December 2022, the residual debt amounted to Euro 92 thousand, Euro 79 thousand of which is to be repaid in 2024-2029 (and recorded under current liabilities) and Euro 13 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Loan approved in favour of Hrcoffee Srl for Euro 450 thousand, signed on 17 November 2020; repayment is scheduled in monthly instalments starting on 30 June 2022 and ending on 31 October 2026 with an 18-month grace period. It is aimed at supporting working capital requirements and the interest rate applied is Euribor + 1.90% spread.
The loan in question is backed by a Cofidi guarantee pursuant to Italian Law no. 662/96. At 31 December 2022, the residual debt amounted to Euro 389 thousand, Euro 288 thousand of which is to be repaid in 2024-2029 (and recorded under current liabilities) and Euro 101 thousand to be repaid within the next 12 months (and therefore recorded under current liabilities).

Bankinter loan

The Group has an additional medium/long-term loan with Bankinter for Euro 100 thousand, obtained in 2020. The payable is recognised under current liabilities for Euro 25 thousand and under non-current liabilities for Euro 41 thousand.

The Group has also stipulated additional short-term loans with this bank during the second half of 2022, maturing by the first quarter of 2023, and amounting to Euro 30 thousand.

NET FINANCIAL DEBT

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

Amounts in thousands of Euro		31/12/2022	31/12/2021
A.	Cash	58	43
B.	Other cash and cash equivalents	17,232	19,017
C 1.	Securities held for trading	2	2
C 2.	Treasury shares	4,458	3,312
D.	**Liquidity (A)+(B)+(C)**	**21,750**	**22,374**
E.	**Current financial receivables**	**710**	**715**
F.	Current bank payables	(4,665)	(7,931)
G.	Current portion of non-current debt	(14,594)	(6,088)
H.	Other current financial payables	(3,417)	(2,265)
I.	**Current financial debt (F)+(G)+(H)**	**(22,676)**	**(16,284)**
J.	**Current net financial debt (I)+(E)+(D)**	**(216)**	**6,805**
K.	Non-current bank debt	(15,398)	(20,831)
L.	Bonds issued	0	(9,156)
M.	Other non-current financial payables net of non-current financial receivables and derivative financial instruments	(2,717)	(3,325)
N.	**Non-Current financial debt (K)+(L)+(M)**	**(18,115)**	**(33,312)**
O.	**Net financial debt (J)+(N)**	**(18,331)**	**(26,507)**

Treasury shares held by the Parent Company (Euro 4,458 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	31.12.2021		Cash flows		Non-monetary flows	31.12.2022	
Current financial receivables	715		(5)		0	710	
Current bank payables and Current portion of non-current debt	(14,019)		9,349		(14,589)	(19,259)	
Other current financial payables	(2,265)		(1,151)		0	(3,416)	
Non-current bank debt	(20,831)				5,433	(15,398)	
Bonds issued	(9,156)				9,156	0	
Other non-current net financial payables	(3,325)				(869)	(2,717)	
Net liabilities deriving from financing activities	**(48,881)**		**9,669**	**(*)**	**(869)**	**(40,082)**	
Liquidity	22,374	**(**)**	(624)	**(***)**	0	21,750	**(**)**
Net financial debt	**(26,507)**		**9,046**		**(869)**	**(18,331)**	

(*) 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"

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

3.18 Other Non-current Financial Liabilities

The balance of "**other non-current financial liabilities**" at 31 December 2022 amounted to Euro 2,862 thousand compared to Euro 3,984 thousand at 31 December 2021. The details are provided below:

Description	31/12/2022	31/12/2021	Change
Non-current financial payables for leasing	2,847	3,786	(939)
Non-current payables to other lenders	10	10	-
Non-current derivative financial instruments	5	188	(183)
TOTALS	**2,862**	**3,984**	**(1,122)**

Non-current financial payables for leasing

The balance of "**non-current financial payables for leasing**" at 31 December 2022 came to Euro 2,847 thousand compared to Euro 3,786 thousand at 31 December 2021 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 2022 amounted to Euro 10 thousand, unchanged from 31 December 2021.

Non-current derivative financial instruments

The balance of "**non-current financial derivatives**" at 31 December 2022 amounted to Euro 5 compared to Euro 188 thousand at 31 December 2020 and refers to: a financial derivative incorporated in the Euro 20,000,000.00 loan agreement signed on 27 November 2020 with a pool of banks, led by Banca Popolare di Puglia e Basilicata, due to the presence of a "floor zero" clause on the Euribor interest rate, valued in accordance with IAS 39.

3.19 Other Non-current Liabilities

The balance of "**other non-current liabilities**" at 31 December 2022 amounted to Euro 77 thousand compared to Euro 396 thousand at 31 December 2021.

Description	31/12/2022	31/12/2021	Change
Non-current tax payables	76	395	(319)
Payables to others	1	1	0
TOTALS	**77**	**396**	**(319)**

Non-current tax payables

At 31 December 2022, the balance of the item "**Other non-current tax liabilities**" amounted to Euro 76 thousand compared to Euro 395 thousand at 31 December 2021.

These payables are due to the contribution of Advanced Computer Systems A.C.S. Srl merged by incorporation into Exprivia in December 2018. The change is attributable to the entire payment of the instalment plan.

Payables to others

The balance of "**Payables to others**" at 31 December 2022 amounted to Euro 1 thousand and did not change compared to 31 December 2021.

3.20 Provision for Risks and Charges

At 31 December 2022, the item "**Provision for risks and charges**" amounted to Euro 233 thousand compared to Euro 195 thousand at 31 December 2021. The breakdown of this item is shown in the table below:

Description	31/12/2022	31/12/2021	Change
Provisions for personnel risks	125	97	28
Provision for other risks	108	98	10
TOTALS	**233**	**195**	**39**

Changes are reported below:

Description	31/12/2021	Uses/Payments	Other decreases	Provisions	31/12/2022
Provisions for personnel risks	97	(46)	(8)	82	125
Provision for other risks	98	(65)	0	75	108
TOTALS	**195**	**(111)**	**(8)**	**157**	**233**

"**Provision for staff risks**", amounting to Euro 125 thousand at 31 December 2022 compared to Euro 97 thousand at 31 December 2021, related to provisions for dispute risks with former employees.

The "**provision for other risks**" at 31 December 2022, equal Euro 108 thousand compared to Euro 98 thousand at 31 December 2021, is mainly attributable to the provision on risks for work in progress on projects.

3.21 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 6,893 thousand at 31 December 2022, compared to Euro 7,990 thousand at 31 December 2021. 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 2022:

Description		
Initial value at 1 January	**7,990**	**8,729**
Changes in the Income Statement:	103	53
- cost relating to current services	28	24
- cost relating to past services		
- interest expense/(income)	75	29
Actuarial (gains) losses	**(516)**	**(114)**
- Actuarial (gains)/losses deriving from changes in demographic assumptions		
- Actuarial (gains)/losses deriving from changes in financial assumptions	(1,110)	(353)
- effect of adjustments based on past experience	594	240
Benefits paid	**(684)**	**(678)**
Closing value at 31 December	**6,893**	**7,990**

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

Description	31/12/2022	31/12/2021
Discount rate	3.63%	0.98%
Inflation rate	5.9% year 2023, 2.3% year 2024, 2.0% year 2025	1.20%
Annual wage growth rate	Inflation +1.50%	2.70%
Annual employee severance indemnity increase fee	5.93% year 2023, 3.33% year 2024, 3.0% year 2025	2.40%
Mortality	Tav-RG48	Tav-RG48
Disability	Form INPS	Form INPS
Turnover	5.50%	5.50%
Advance probability	2.50%	2.50%
Advance amount in % of the provision for employee severance indemnity	70.00%	70.00%

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

Sensitivity analysis					
Provision for employee benefits - Employee severance indemnity 31 December 2022					
Annual discount rate		Annual inflation rate		Annual turnover rate	
0.50%	-0.50%	0.25%	-0.25%	2.00%	-2.00%
6,640	7,134	6,952	6,809	6,927	6,822
Impact on post-employment benefits					
(253)	240	59	(84)	34	(72)

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

(in thousands of Euro)	within 12 months	between 1 and 2 years	between 3 and 5 years	over 5 years	Total
Employee severance indemnity fund	614	450	1,153	6,807	9,024

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 year, through the application of a rate comprised of a fixed 1.50% and 75% of the inflation rate recorded by ISTAT with respect to December of the previous year; taxes of 17% were due on said revaluation.

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

3.22 Deferred tax liabilities

The item "**Deferred tax liabilities**" amounted to Euro 1,814 thousand compared to Euro 1,595 thousand at 31 December 2021, and refers to allocations for temporary changes that will be reversed in subsequent years.

Description	31/12/2022		31/12/2021	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Employee severance indemnity	377	107	(108)	(9)
Intangible assets	2	0	(1)	0
Goodwill	5,490	1,561	5,136	1,460
Buildings	382	105	382	105
Taxes	9	2	0	(0)
Adjustments for IFRS adjustment	138	39	137	39
TOTALS	**6,397**	**1,814**	**5,547**	**1,595**

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

The following table shows the changes during the year:

Description	Value at 31/12/2021	Increases	Uses	Value at 31/12/2022
Employee severance indemnity	(9)	116	0	107
Goodwill	1,460	101	0	1,561
Buildings	105	0	0	105
Taxes	0	2	0	2
Adjustments for IFRS adjustment	39	0	0	39
Total	**1,595**	**219**	**0**	**1,814**

CURRENT LIABILITIES

3.23 Current bond issues

At 31 December 2022, "**current bond issues**" amounted to Euro 9,178 thousand compared with Euro 4,551 thousand at 31 December 2021 and referred to the current portion of the Exprivia's bond issue called "Exprivia - 5.80% 2017 - 2023".

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
31.12.2022	≤ 1.0	≤ 4.0

These financial covenants are calculated on a consolidated basis and refer to the 12 months prior to the reference date, using the normal calculation criteria agreed between the parties.

At 31 December 2022, the covenants had been met.

3.24 Current bank debt

At 31 December 2022, the item "**current payables to banks**" amounted to Euro 10,081 thousand compared to Euro 9,468 thousand at 31 December 2021 and refers, for Euro 9,015 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 1,066 thousand refers to current account overdrafts at major credit institutions.

3.25 Trade Payables

"**Trade payables**" amounted to Euro 27,273 thousand compared to Euro 28,522 thousand at 31 December 2021. The breakdown is shown in the table below:

Description	31/12/2022	31/12/2021	Change
Trade Payables to Suppliers	27,272	28,472	(1,200)
Trade Payables to Associated Companies	1	50	(49)
TOTALS	**27,273**	**28,522**	**(1,249)**

Trade Payables to Suppliers

"**Trade payables to Suppliers**" amounted to Euro 27,272 thousand compared to Euro 28,472 thousand at 31 December 2021.

The table below provides details on the item:

Description	31/12/2022	31/12/2021	Change
Invoices received Italy	16,597	19,260	(2,663)
Invoices received abroad	2,453	1,924	529
Invoices to consultants	196	246	(50)
Invoices to be received	8,026	7,042	984
TOTALS	**27,272**	**28,472**	**(1,200)**

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

Trade payables	of which		past due days							
	to expire	expired	1-30	31-60	61-90	91-120	121-180	181-270	271-365	beyond
19,246	10,694	8,552	1,968	2,406	1,349	380	409	709	465	866
100.0%	56%	44%	10%	12%	7%	2%	2%	4%	2%	4%

Trade Payables to Associated Companies

"**Trade payables to associated companies**" amounted to Euro 1 thousand compared to Euro 50 thousand at 31 December 2021 and refers to payables due by the Parent Company to its associate Quest.it Srl.

3.26 Advance payments on contract work in progress

At 31 December 2022, the item "**Advance payments on work in progress contracts**" amounted to Euro 6,194 thousand compared with Euro 5,560 thousand at 31 December 2021 and refers to the negative differential between payments on account or advances received and the economic development of the work in progress contracts at year end.

3.27 Other financial liabilities

"**Other financial liabilities**" amounted to Euro 3,417 thousand at 31 December 2022 compared to Euro 2,265 thousand at 31 December 2021.

The table below provides details on the item:

Description	31/12/2022	31/12/2021	Change
Current financial payables to others	1,619	422	1,197
Current payables to suppliers of leasing goods	1,798	1,843	(45)
TOTALS	**3,417**	**2,265**	**1,152**

Current financial payables to others

The balance of the item "**current financial payables to others**" amounted to Euro 1,619 thousand compared to Euro 422 thousand at 31 December 2021. The change mainly refers, for Euro 775 thousand, to the sale of receivables to factoring institutions and for Euro 458 thousand to financial advances received from customers by Exprivia.

Current payables to suppliers of leasing goods

The balance of the item "**current payables to suppliers of leasing goods**" at 31 December 2022 amounted to Euro 1,798 thousand compared to Euro 1,843 thousand at 31 December 2021 and refers to the current portion of the payable for lease agreements.

3.28 Other Current Liabilities

"**Other current liabilities**" amounted to Euro 41,055 thousand at 31 December 2022 compared to Euro 38,671 thousand at 31 December 2021.

The table below provides details on the item:

Description	31/12/2022	31/12/2021	Change
Current payables to welfare and social security institutions	8,704	8,215	489
Other tax liabilities	6,711	7,398	(687)
Payables related to staff	18,445	17,785	660
Other payables	7,195	5,273	1,922
TOTALS	**41,055**	**38,671**	**2,384**

Current payables to welfare and social security institutions

The balance of the item "**Current payables to welfare and social security institutions**" at 31 December 2022 amounted to Euro 8,704 thousand compared to Euro 8,215 thousand at 31 December 2021. The change is mainly due to the increase in Exprivia's contributions on accrued liabilities for holidays of Exprivia.

Other tax liabilities

The balance of the item "**other tax liabilities**" at 31 December 2022 amounted to Euro 6,711 thousand compared to Euro 7,398 thousand at 31 December 2021. 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 2022 amounted to Euro 18,445 thousand compared to Euro 17,785 thousand at 31 December 2021. 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 2022 amounted to Euro 7,195 thousand compared to Euro 5,273 thousand at 31 December 2021; it consists primarily of accrued expenses and deferred income of Euro 2,854 thousand, which includes pending revenues attributable to the subsequent year and advances on contributions for Euro 3,594 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.

3.29 Revenues

Revenue from sales and services in 2022 amounted to Euro 176,099 thousand compared to Euro 176,476 thousand in the same period of 2021.

Description	31/12/2022	31/12/2021	Change
Projects and services	152,687	152,011	676
Maintenance	14,548	17,497	(2,949)
HW/SW third parties	5,718	4,244	1,474
Proprietary licences	2,259	1,937	322
Other	887	787	(100)
TOTALS	**176,099**	**176,476**	**(377)**

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

Exprivia Group (amounts in thousands of Euro)	31/12/2022	% Incidence	31/12/2021	% Incidence
Private	136,082	77.3%	136,906	77.6%
Public	40,017	22.7%	39,570	22.4%
TOTALS	**176,099**		**176,476**	
Exprivia Group (amounts in thousands of Euro)	**31/12/2022**	**% Incidence**	**31/12/2021**	**% Incidence**
Italy	158,478	90.0%	158,049	89.6%
Abroad	17,621	10.0%	18,427	10.4%
TOTALS	**176,099**		**176,476**	

3.30 Other income

Other income in 2022 amounted to Euro 7,613 thousand compared to Euro 5,250 thousand in the same period of 2022. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Change
Other revenues and income	805	916	(111)
Operating grants	5,341	2,663	2,678
Costs for capitalised internal projects	1,467	1,671	(204)
TOTALS	**7,613**	**5,250**	**2,363**

It should be noted, as already reported in the paragraph "**Change in comparative data**", that for a better presentation of the figures for 2021, Euro 121 thousand was reclassified from the item "**other revenues and income**" to the item "**operating grants**" relating to contributions for training projects pertaining to Exprivia.

Other revenues and income

"**Other revenues and income**" in 2022 amounted to Euro 805 thousand compared to Euro 916 thousand in 2021 and refer mainly for Euro 294 thousand to income from the assignment of employee cars pertaining to Exprivia and for the remaining portion to sundry operating income.

Operating grants

In 2022 "**Operating grants**" amounted to Euro 5,341 thousand compared to Euro 2,663 thousand in 2021 and refer to grants and tax credits pertaining to the year or authorised in the year relating to funded research and development projects.

Costs for capitalised internal projects

"**Increases in fixed assets for internal work**" amounted to Euro 1,467 thousand in 2022 compared to Euro 1,671 thousand in 2021 and refer to costs incurred in the year to develop products for the Banking & Finance, Healthcare, Aerospace & Defence.

3.31 Costs for Sundry Consumables and Finished Products

The balance of the item "**costs for sundry consumables and finished products**" in 2022 amounted to Euro 4,825 thousand compared to Euro 9,188 thousand in the previous year. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Change
Purchase of hw-sw products	4,738	8,994	(4,256)
Stationery and various consumables	65	144	(79)
Fuels and lubricants	12	12	0
Other costs	10	38	(28)
TOTALS	**4,825**	**9,188**	**(4,362)**

The change in the item "purchase of hw-sw products" is attributable to the lower purchases of hardware and software products for resale. In particular, a significant portion of the 2021 balance is closely linked to a single order that was completed in the same year.

3.32 Staff costs

The balance of the item "**Staff costs**" totalled Euro 112,566 thousand in 2022 compared to Euro 108,212 thousand in 2021. The table below provides details on the item:

Description	31/12/2022	31/12/2021	Change
Remuneration and compensation	82,525	79,538	2,987
Social security charges	22,015	21,194	821
Employee severance indemnity fund	5,372	5,207	165
Other staff costs	2,654	2,273	381
TOTALS	**112,566**	**108,212**	**4,354**

The number of employees at 31 December 2022 came to 2,423, of which 2,392 employees and 31 temporary workers, while at 31 December 2021, the number of employees was 2,423 workers, of which 2,399 employees and 24 temporary workers.

The average for 2022 was 2,417 employees and 29 temporary workers, while the average for 2021 was 2,380 employees and 16 temporary workers.

3.33 Costs for Services

The consolidated balance of the item "**costs for services**" amounted to Euro 37,194 thousand in 2022 compared to Euro 35,881 thousand in 2021. The table below provides details on the items:

Description	31/12/2022	31/12/2021	Change
Technical and commercial consultancy	24,595	24,061	534
Administrative/corporate/legal consultancy	1,710	2,326	(616)
Statutory auditors' fees	101	100	1
Travel and subsistence expenses	720	441	279
Utilities	740	676	64
Advertising expenses/Entertainment expenses	732	537	195
Bank commissions	253	275	(22)
Hardware and software maintenance	4,602	4,766	(164)
Insurance and sureties	735	577	158
Other costs for services	3,008	2,122	886
TOTALS	**37,194**	**35,881**	**1,313**

The change in the item "**other costs for services**" refers, for Euro 382 thousand, to the reduction in costs for temporary staff (Euro 382 thousand) pertaining to Exprivia.

It should be noted, as already reported in the paragraph "**Change in comparative data**", that for a better presentation of the figures for 2021, Euro 46 thousand was reclassified from the item "**other operating expenses**" to the item "**costs for services**" relating to advertising expenses.

The statement below is provided in accordance with art. 149-duodecies of CONSOB Issuers' Regulation to show amounts paid to the independent auditors in 2022 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	Party providing the service	Recipient	Fee
Auditing services	PricewaterhouseCoopers	Parent Company	191
		Subsidiaries	19
Services other than auditing (*)	PricewaterhouseCoopers	Parent Company	26
TOTALS			**236**

* Non-audit services provided to the Parent Company refer to the performance of agreed procedures for Euro 11 thousand and to the audits of the statement of costs incurred by the Company for research and development in 2020 for Euro 15 thousand.

3.34 Costs for Leased Assets

The consolidated balance of the item "**costs for leased assets**" amounted to Euro 832 thousand in 2022 compared to Euro 631 thousand in 2021. The table below provides details on the items:

Description	31/12/2022	31/12/2021	Change
Rent payable	85	87	(2)
Car rental/leasing	28	26	2
Rental of other assets	180	169	11
Other	539	349	190
TOTALS	**832**	**631**	**201**

The item “**others**” is mainly attributable to costs for internal use licenses (Euro 97 thousand) and costs for the new payroll processing software (Euro 125 thousand), both pertaining to Exprivia.

3.35 Sundry operating expenses

In 2022, the consolidated balance of the item "**sundry operating expenses**" amounted to Euro 1,627 thousand, compared to Euro 1,148 thousand in 2021. The table below provides details on these items.

Description	31/12/2022	31/12/2021	Change
Membership fees	201	127	74
Taxes and duties	377	333	44
Sanctions and fines	51	15	37
Donations	24	8	16
Losses on receivables	628	278	350
Other operating expenses	346	387	(41)
TOTALS	**1,627**	**1,148**	**479**

It should be noted, as already reported in the paragraph “**Change in comparative data**”, that for a better presentation of the figures for 2021, Euro 46 thousand was reclassified from the item “**other operating expenses**” to the item “**costs for services**” relating to advertising expenses.

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

3.36 Changes in inventories

In 2022, the balance of the item "**changes in inventories**" amounted to Euro -22 thousand compared to Euro 72 thousand in the previous year. It refers to changes in finished products and goods.

3.37 Provisions and Write-downs of Current Assets

The consolidated balance of the item "**provisions and write-downs of current assets**" amounted to Euro 1,572 thousand in 2022 compared to Euro 2,015 thousand in 2021.

The table below provides details on the items.

Description	31/12/2022	31/12/2021	Change
Bad debt provisions Receivables	735	1,957	(1,222)
Provision for risks of legal disputes with employees	60	15	45
Other provisions	777	43	734
TOTALS	**1,572**	**2,015**	**(443)**

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 subsidiaries Exprivia Slu (Euro 354 thousand), Exprivia Mexico SA de CV (Euro 497 thousand) and ProSap Centroamerica (Euro 195 thousand).

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

The item “**other provisions**” is mainly attributable, for Euro 290 thousand, to the provision for risks on a research project pertaining to Exprivia, for Euro 130 thousand, to the provision for inventory write-downs for products considered obsolete pertaining to Exprivia and for Euro 347 thousand to the write-down of receivables of a different nature pertaining to the subsidiary ProSap Centroamerica.

3.38 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 5,923 thousand in 2022 compared to a balance of Euro 6,431 thousand in 2021.

Amortisation and Depreciation

In 2022, "**Amortisation and depreciation**" amounted to Euro 5,923 thousand compared with Euro 6,431 thousand in 2021 and refers for Euro 2,663 thousand to amortisation of intangible assets and for Euro 3,260 thousand to depreciation of property, plant and equipment . Details of the aforementioned items are provided in notes 1 and 3.

Write-downs

No write-downs of non-current assets were recognised in 2022.

3.39 Financial Income and (Charges) and other Investments

The balance of the item "**financial income and (charges) and other investments**" amounted to a negative Euro 2,620 thousand in 2022 compared with a negative balance of Euro 2,993 thousand in 2021. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Change
Income from parent companies	17	32	(15)
Income from equity investments from others	(24)	75	(99)
Income other than the above	363	312	51
Interest and other financial charges	(2,609)	(3,111)	502
Charges from parent companies	(435)	(400)	(35)
Exchange (Losses)/Gains	68	99	(31)
TOTALS	**(2,620)**	**(2,993)**	**373**

Income from parent companies

The balance of the item "**income from parent companies**" amounted to Euro 17 thousand in 2022 compared to Euro 32 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 other investments**" in the 2022 amounted to Euro -24 thousand compared to Euro 75 thousand in 2021 and refers to the valuation using the equity method of the investment in Quest.it Srl, an associated company of Exprivia.

Income other than the above

The balance of the item "**income other than the above**" stood at Euro 363 thousand in 2022 compared to Euro 312 thousand in 2021. The table below provides details on the item.

Description	31/12/2022	31/12/2021	Change
Bank interest income	4	3	1
Interest income from securities	57	25	32
Other interest income	106	122	(16)
Other Income	196	162	34
TOTALS	**363**	**312**	**51**

The item "**other interest income**" includes, for Euro 177 thousand, to the income for the year 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 2022 amounted to Euro 2,609 thousand compared to Euro 3,110 thousand in the same period of 2021. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Change
Bank interest expense	22	35	(13)
Interest on mortgages and loans	1,247	1,561	(314)
Other interest	1,071	955	116
Charges for financial and sundry products	176	519	(343)
Other charges	18	10	8
Interest cost IAS 19	76	30	44
TOTALS	**2,609**	**3,111**	**(502)**

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

The change in the item "**charges on financial products and sundry items**" is mainly attributable to the charge of Euro 332 thousand recorded in 2022 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 435 thousand in 2022 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 2022, the item "**exchange gains**" amounted to Euro 68 thousand compared with income on currency exchange of Euro 99 thousand in 2021 which mainly refers to the fluctuations in exchange rates due to the commercial transactions conducted in currencies other than the national currency used by the foreign companies in the Group.

3.40 Income taxes

In 2022, "**Income taxes**" amounted to Euro 5,042 thousand compared to Euro 5,017 thousand in 2021; the table below provides details on the changes compared to the previous year:

Description	31/12/2022	31/12/2021	Change
IRES	3,697	3,673	24
IRAP	1,159	1,242	(83)
Foreign taxes	65	35	30
Taxes from previous years	(18)	(167)	149
Deferred tax liabilities	148	101	47
Deferred tax assets	(9)	133	(142)
TOTALS	**5,042**	**5,017**	**25**

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 Italian Law no. 215 of 17 December 2021, as subsequently amended by Italian Law no. 234 of 30 December 2021.

3.41 Profit (loss) for the year

The 2022 Income Statement closed with a consolidated profit (after tax) of Euro 11,533 thousand compared with Euro 10,138 thousand in 2021.

3.42 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 2022, the basic and diluted earnings per share amounted to Euro 0.2290.

Description (amounts in Euro)	for the 12 months ended 31/12/2022
Earnings/(losses) for the determination of basic earnings/(loss) per share (Net profit/loss) pertaining to shareholders of the parent company)	11,533,666
Earnings/(Losses) for the determination of the basic earnings/(loss) per share	11,533,666
Number of shares	**31.12.2022**
Number of ordinary shares at 1 January 2022	51,883,958
Treasury shares at 31 December 2022	5,183,058
Weighted average number of treasury shares	1,525,738
Weighted average number of ordinary shares for the calculation of the basic profit	50,358,220

Earnings per share (Euro)	for the 12 months ended 31/12/2022
Basic earnings (loss) per share	0.2290
Diluted earnings (loss) per share	0.2290

3.43 Information on the Cash Flow Statement

Cash flows from operating activities were positive in the amount of Euro 19 million, the management of current assets and liabilities absorbed cash flows of Euro 5.2 million, cash flows from investing activities absorbed cash of Euro 1.5 million, and cash flows absorbed by financing activities amounted to Euro 14 million. The cash flow absorbed by the management of current assets and liabilities, for Euro 5.2 million, essentially refers to the negative change in inventories and advances for Euro 2.6 million due to the delay in the invoicing cycle to some customers. in the Healthcare and Energy & Utilities area, largely recovered in the early months of 2023; as well as the negative change in receivables from others and tax receivables for Euro 4.7 million, partially offset by the positive change in payables to others for Euro 2.6 million. The cash flow absorbed by financing activities, amounting to Euro 14 million, mainly refers to the negative change in medium/long-term loans for Euro 10.5 million and cash absorption for Euro 3.4 million against the payment of dividends and the purchase of treasury shares.

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

4. OTHER INFORMATION

Contributions and economic benefits received from public administrations

Pursuant to art. 1 paragraph 125 of Italian Law no. 124 of 2017, the statement below provides information relating to contributions and other economic benefits received in cash from the Italian public administrations in the course of 2022; the amounts are expressed in thousands of Euro.

Type	Lender	The Project	Subsidised rate	Amount collected 31/12/2022
Lost fund	Lazio Region	HeAL9000		40
Lost fund	EU	ECHO		4
Lost fund	MISE	Bigimaging		293
Lost fund	Puglia Region	Secure Safe Apulia		2,747
Lost fund	INPS	Decontribuzione Sud, 30% reduction on contributions pursuant to Italian Law Decree no. 104 of 14 August 2020		931
Total				**4,015**

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	31/12/2022	31/12/2021	Change
Exprivia Mexico SA de CV	903		903
Exprivia Asia Ltd	914		914
TOTALS	**1,817**	**0**	**1,817**

Trade Receivables

Description	31/12/2022	31/12/2021	Change
Consorzio Exprivia Scarl	206	150	56
Exprivia Mexico SA de CV	110	47	63
Exprivia Projects Srl	573	500	73
Exprivia SLU	135	645	(510)
Exprivia Do Brasil	0	4	(4)
Spegea S. c. a.r.l.	86	90	(5)
ACS DE Gmbh	0	60	(60)
HR Coffee Srl	14	7	7
Exprivia IT Solutions Shanghai	73	58	15
TOTALS	**1,197**	**1,561**	**(364)**

Work in Progress

Description	31/12/2022	31/12/2021	Change
Spegea Scarl	0	2	(2)
Consorzio Exprivia Scarl	175	175	0
Exprivia Mexico Sa de Cv	0	7	(7)
TOTALS	**175**	**184**	**(9)**

Other Current Receivables

Description	31/12/2022	31/12/2021	Change
Receivable from Exprivia Projects for IRES from tax consolidation	255	122	133
Receivable from Exprivia Projects for VAT	187	221	(34)
Receivable from Spegea for IRES from tax consolidation	6	-	6
TOTALS	**448**	**343**	**105**

Current Financial Receivables

Description	31/12/2022	31/12/2021	Change
Exprivia Projects Srl	0	674	(674)
Exprivia Mexico Sa de CV	0	736	(736)
Exprivia Asia Ltd	0	914	(914)
Exprivia SLU	102	16	86
Spegea Scarl	3	0	3
TOTALS	**105**	**2,340**	**(2,235)**

Trade Payables

Description	31/12/2022	31/12/2021	Change
Exprivia Mexico SA De CV	40	0	40
Exprivia Projects Srl	140	153	(13)
Consorzio Exprivia Scarl	0	5	(5)
HR COFFEE Srl	61	70	(9)
Exprivia SLU	42	6	36
ACS GMBH	156	165	(9)
Spegea S.c. a r.l.	31	44	(13)
Exprivia do Brasil	0	3	(3)
TOTALS	**470**	**4466**	**24**

Current Financial Payables

Description	31/12/2022	31/12/2021	Change
Exprivia Projects Srl	1,860	2,706	(846)
Spegea S.c. a r.l.	2	4	(2)
TOTALS	**1,862**	**2,710**	**(848)**

Other Current Payables

Description	31/12/2022	31/12/2021	Change
Spegea S.c. a r.l. for IRES		2	(2)
Consortium for VAT	62	0	62
HR Coffee for consolidated IRES	171	123	48
TOTALS	**233**	**125**	**108**

Trade Revenues

Description	31/12/2022	31/12/2021	Change
Spegea Scarl	11	49	(38)
Exprivia Projects Srl	1,048	971	77
Exprivia Shanghai	15	58	(43)
Exprivia Mexico SA de CV	(234)	0	(234)
Consorzio Exprivia Scarl	2,541	2,503	38
HR COFFEE Srl	6	5	1
TOTALS	**3,387**	**3,586**	**(199)**

Trade Costs

Description	31/12/2022	31/12/2021	Change
Spegea Scarl	146	112	34
Exprivia Projects Srl	214	577	(363)
Exprivia SLU	420	360	60
ACS GmbH	703	668	35
Hr Coffee Srl	50	0	50
Exprivia Mexico SA De CV	43	35	8
TOTALS	**1,576**	**1,752**	**(176)**

Revenues/Costs for Seconded Personnel

Description	31/12/2022	31/12/2021	Change
Revenues from seconded personnel to Exprivia Projects	0	(15)	15
Costs for seconded personnel to Exprivia Projects	234	509	(275)
TOTALS	**234**	**494**	**(260)**

Income from equity investments in subsidiaries

Description	31/12/2022	31/12/2021	Change
Exprivia Projects Srl	547	0	547
TOTALS	**547**	**0**	**547**

Financial Income (interest income on loans)

Description	31/12/2022	31/12/2021	Change
Exprivia Mexico Sa de Cv	0	18	(18)
Exprivia SLU	3	58	(55)
Exprivia Asia Ltd	0	23	(23)
TOTALS	**3**	**99**	**(96)**

Financial Charges

Description	31/12/2022	31/12/2021	Change
Exprivia Projects Srl	82	61	21
Spegea Scarl	0	1	(1)
TOTALS	**82**	**62**	**20**

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	31/12/2022	31/12/2021	Change
Abaco Innovazione SpA Non-Current Financial Receivables	0	467	(467)
TOTALS	**0**	**467**	**(467)**

Current Financial Receivables

Description	31/12/2022	31/12/2021	Change
Abaco Innovazione SpA_current financial receivables from parent companies	475	468	7
TOTALS	**475**	**468**	**7**

Trade Receivables

Description	31/12/2022	31/12/2021	Change
Abaco Innovazione SpA_trade receivables from parent companies	46	40	6
TOTALS	**46**	**40**	**6**

Financial Costs (guarantees)

Description	31/12/2022	31/12/2021	Change
Abaco Innovazione SpA_financial costs from parent companies	435	400	35
TOTALS	**435**	**400**	**35**

Financial Income (interest income on loans)

Description	31/12/2022	31/12/2021	Change
Abaco Innovazione SpA_financial income from parent companies	17	32	(15)
TOTALS	**17**	**32**	**(15)**

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	31/12/2022	31/12/2021	Change
QUESTIT SRL	498	498	0
URBANFORCE SCARL	8		8
TOTALS	**506**	**498**	**8**

Trade Receivables

Description	31/12/2022	31/12/2021	Change
QUESTIT SRL	151	96	55
TOTALS	**151**	**96**	**55**

Trade Payables

Description	31/12/2022	31/12/2021	Change
QUESTIT SRL	1	50	(49)
TOTALS	**1**	**50**	**(49)**

Trade Costs

Description	31/12/2022	31/12/2021	Change
QUESTIT SRL	35	130	(95)
TOTALS	**35**	**130**	**(95)**

Revenues

Description	31/12/2022	31/12/2021	Change
QUESTIT SRL	202	149	53
TOTALS	**202**	**149**	**53**

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	31/12/2022	31/12/2021	Change
Giuseppe Laterza & Figli SpA	11	12	(1)
TOTALS	**11**	**12**	**(1)**

Trade Costs

Description	31/12/2022	31/12/2021	Change
Giuseppe Laterza & Figli SpA	27	22	5
TOTALS	**27**	**22**	**5**

As per the requirements of CONSOB resolution no. 11520 of 1 July 1998, the table below illustrates the remuneration for Directors, Statutory Auditors and Key Executives. For further information, see the “Remuneration Report” available on the Company website (www.exprivia.it) in the section Corporate – Corporate Governance - Corporate Information.

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

Offices	Fixed remuneration	Remuneration for participation in committees	Wages and salaries	Other incentives	Fixed remuneration	Remuneration for participation in committees	Wages and salaries	Other incentives
Directors	454	102	267	328	428	79	665	302
Board of Statutory Auditors	89	-	-	-	68	-	-	-
Strategic executives	-	-	233	77	-	-	312	81
TOTALS	**543**	**102**	**500**	**405**	**496**	**79**	**978**	**384**

Transactions with related parties essentially consist in services and the exchange of products. They are part of ordinary business operations and are settled at market conditions, i.e. on the terms that would have applied between two independent parties. All transactions are carried out in the interest of the Company involved.

There are no advances or loans to directors or statutory auditors and no commitments have been undertaken on behalf of the management body due to guarantees of any kind having been given.

4.3 Contingent Liabilities

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

4.4 Events after 31 December 2022

There are no events to report.

Molfetta, 15 March 2023

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Mr Domenico Favuzzi

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

The undersigned Domenico Favuzzi, Chairman and CEO, and Donato Dalbis, Executive manager responsible for preparing the corporate accounts of Exprivia, certify the following, taking into account the provisions of art. 154-bis (3, 4) of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Company and
- the effective application of administrative and accounting procedures to draft the consolidated financial statements for the reporting period at 31 December 2022.

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 2023

Domenico Favuzzi	**Donato Dalbis**
Chairman and Chief Executive Officer	Executive manager responsible for preparing the corporate accounts

Independent Auditors' Report on the Consolidated Financial Statements of the Exprivia Group at 31 December 2022

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 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 2022, the consolidated income statement, consolidated 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 2022, 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 No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of 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.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of the recoverability of the carrying value of goodwill *Note 2.2.7.2 and Note 3.2 – "Goodwill" of the explanatory notes to the Consolidated Financial Statements as of 31 December 2022 of the Exprivia Group* The value of goodwill as of 31 December 2022 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 2022 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 plans submitted for approval by the Company's Board of Directors on 27 February 2023. 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-rate) were determined with the support of an independent expert. The impairment test did not reveal any impairment losses to be reflected in the consolidated financial statements as of 31 December 2022.	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 27 February 2023. We verified that the 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 rates 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 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 the combined change in all three variables mentioned above. This analysis showed that the values in use are higher than the carrying amounts. The item "goodwill" was considered relevant to the audit work due to both the materiality of the amount and the complexity of the process for 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 No. 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, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 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) No. 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 as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 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 as of 31 December 2022 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.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 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) No. 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 No. 58/98, with the consolidated financial statements of the Exprivia Group as of 31 December 2022 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 2022 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 No. 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 No. 254 of 30 December 2016

The directors of Exprivia SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 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 No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by another auditor.

Napoli, 30 March 2023

PricewaterhouseCoopers SpA

Signed by

Carmine Elio Casalini
(Partner)

As disclosed by the directors on page 61, the accompanying consolidated financial statements of Exprivia SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. 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 no. 58/98 ("T.U.F.") and art. 2429 of the Italian Civil Code.

Exprivia S.p.A.

Head Office Molfetta (BA), Via Adriano Olivetti 11

Tax Code 00721090298

VAT No. 09320730154

Report of the Board of Statutory Auditors to the Shareholders' Meeting

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

Dear Shareholders,

This report, drawn up pursuant to Article 153 of Italian Legislative Decree No. 58/1998 (the Consolidated Finance Act, hereinafter also the "TUF") and Article 2429, paragraph 2, of the Italian Civil Code, reports on the activity carried out by the Board of Statutory Auditors of Exprivia S.p.A. (hereinafter also the "Company" or "Exprivia") in the financial year ending 31 December 2022, in compliance with the relevant legislation, also taking into account the "Rules of Conduct of the Board of Statutory Auditors of Listed Companies" recommended by the Italian National Council of Chartered Accountants and Accounting Experts, the CONSOB provisions on corporate controls and the provisions contained in the Corporate Governance Code of the Committee promoted by Borsa Italiana. Furthermore, having adopted the traditional governance model, Exprivia's Board of Statutory Auditors identifies itself as the "Internal Control and Audit Committee", which is responsible for further specific control and monitoring functions in terms of financial reporting and statutory audit, provided for by Article 19 of Italian Legislative Decree No. 39 of 27 January 2010, as amended by Italian Legislative Decree No. 135 of 17 July 2016. The Board of Statutory Auditors also reports on the supervisory activity carried out with reference to the obligations relating to non-financial information pursuant to Italian Legislative Decree No. 254/2016.

The Board of Statutory Auditors in office on the date of this report was appointed by the Shareholders' Meeting of 23 June 2021, with term of office expiring on the date of the shareholders' meeting called to approve the financial statements as at 31 December 2023.

During the 2022 financial year, the Board of Statutory Auditors carried out the activities for which it was responsible, holding sixteen meetings. In the same year, the Board of Statutory Auditors participated in the Shareholders' Meeting held on 28 April 2022 and in all ten meetings of the Board of Directors.

In addition, during the 2022 financial year, the Chair of the Board of Statutory Auditors and at least one member of the Board participated in all seven 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 related-party transactions adopted by the Company.

During the 2022 financial year, the Board of Statutory Auditors met six times with the Supervisory Body, including jointly with the Integrated Internal Committee, to mutually exchange information.

The statutory audit was assigned, pursuant to the TUF and Italian Legislative Decree No. 39/2010 (as subsequently amended by Italian Legislative Decree No. 135/2016), to the Independent Auditors 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.

Exprivia shares are currently listed on the Euronext Milan market (formerly MTA) of Borsa Italiana S.p.A. and effective 22 July 2020, the Company requested and obtained from Borsa Italiana the exclusion of its treasury shares from the STAR classification and the transfer of said shares to Euronext Milan, therefore informing CONSOB of its re-inclusion under the definition of SME pursuant to Article 1(1), letter w-quater 1), of the TUF.

1. SUPERVISORY ACTIVITIES

1.1 Supervisory activity on compliance with the laws, regulations and statutory provisions

The supervisory tasks of the Board of Statutory Auditors are governed by Article 2403 of the Italian Civil Code, the TUF and Italian Legislative Decree No. 39/2010. The Board has taken into account the changes made to Italian Legislative Decree No. 39/2010 by Italian Legislative Decree No. 135/2016, in implementation of Directive 2014/56/EU and of Regulation (EU) No. 537/2014. With regard to the supervisory activities carried out during the year, considering the indications provided by CONSOB with communication No. DEM/1025564 of 6 April 2001, amended and integrated with communication No. DEM/3021582 of 4 April 2003 and, subsequently, with communication No. DEM/6031329 of 7 April 2006, the Board declares as follows:

The Board of Statutory Auditors periodically obtained from the directors, through participation in the meetings of the Board of Directors and the Integrated Internal Committee, information on the activity carried out and on the most significant economic, financial and equity transactions approved and put in place during the year, carried out by the Company, as well as, pursuant to Article 150, paragraph 1, of the TUF, and on those put in place by the subsidiaries. On the basis of the information available, the Board of Statutory Auditors can reasonably assure that the transactions themselves comply with the law and the Articles of Association and are not manifestly imprudent, risky, in conflict with the resolutions of the Shareholders' Meeting or such as to compromise the integrity of the Company's assets. In addition, transactions involving a potential conflict of interest were resolved in accordance with the law, regulatory provisions and the Articles of Association.

The Board of Statutory Auditors supervised the decision-making processes of the Board of Directors and verified that the management decisions were in compliance with the applicable regulations (substantive legitimacy), adopted in the interest of the Company, compatible with the Company's resources and assets and adequately supported by information, analysis and verification processes.

The Board of Statutory Auditors supervised compliance with the disclosure obligations regarding regulated or privileged information or information required by the supervisory authorities, ascertaining that each of the Company's bodies and functions has met the disclosure obligations envisaged by the applicable legislation.

Without prejudice to the specific tasks assigned to the Independent Auditors in terms of accounting control and verifying the reliability of the Separate and Consolidated Financial Statements, the Board of Statutory Auditors carried out its own checks on compliance with the law relating to the drafting of the Separate Financial Statements and Consolidated Financial Statements of the Group as at 31 December 2022, 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 2022:

- 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.
- On 15 March 2022, Exprivia's Board of Directors approved the annual report at 31 December 2021.
- On 1 April 2022, a declaratory deed was signed before the Notary De Costa in Milan, bearing the assumption, by the company Nuovo Polo Impiantistico S.p.A., of the entire corporate structure of the company Italtel S.p.A. The assumption takes effect from the same date of 1 April 2022. Also with effect from 1 April 2022, the company Italtel S.p.A. changed its company name to BETA TLC S.p.A. and transferred its registered office to Rome.
- On 28 April 2022, the Ordinary Shareholders' Meeting of Exprivia S.p.A. approved the financial statements at 31 December 2021. The Shareholders' Meeting also resolved to distribute a dividend to Shareholders in the amount of Euro 0.0480 gross per eligible ordinary share with the detachment of coupon No. 11 on 9 May 2022. Finally, the Shareholders' Meeting approved the issuance of a new authorisation to purchase and sell treasury shares.
- On 27 June 2022, the Shareholders' Meeting of Beta TLC S.p.A. approved the liquidation of Beta TLC S.p.A., the effectiveness of which is subject to the favourable opinion of the holders of Outstanding Equity Instruments (OEIs) by virtue of the OEI regulations. Special meetings of OEI holders were called on 14 March 2023 and in second call on 16 March 2023. The Directors did not report any significant contingent liabilities and/or significant risk profiles that could emerge for Exprivia in relation to the investee company Beta TLC S.p.A., as Exprivia has not assumed any contractual or legal obligations, whether implicit or explicit, and as there are no commercial relationships or significant economic interests.

There are no subsequent events to report in the Explanatory Notes to the Separate and Consolidated Financial Statements as at 31 December 2022 and in the report on operations.

The Board also monitored, in conformity with the references in the "Public Statement on European common enforcement priorities for 2022 annual financial reports", published by ESMA on 28 October 2022, the effects and impact on business continuity of the conflict between Russia and Ukraine as well as the implications of the current macroeconomic environment, including the effects of rising interest rates, inflation and the Covid-19 pandemic, ensuring that these impacts have been correctly represented and described in the Company's 2022 Annual Financial Report.

1.2 Supervisory activity on compliance with the principles of proper administration and the adequacy of the organisational structure

The Board of Statutory Auditors acquired information on and supervised, for those issues within its remit, the adequacy of the organisational structure, compliance with the principles of proper administration and the adequacy of the instructions given by the Company to its subsidiaries, pursuant to Article 114, paragraph 2, of the TUF, ascertaining, on the basis of the information provided by the Company, its suitability to provide the information necessary to fulfil the disclosure obligations required by law. Based on the information flows received from the Boards of Statutory Auditors of the Italian subsidiaries, the heads of the competent corporate functions, the Independent Auditors, the Supervisory Body and the head of the Internal Audit function, within the framework of the reciprocal exchange of relevant information, no issues emerged that needed to be highlighted in this report. Likewise, no critical issues were reported based on the information flows received from the directors and from the department in charge of the foreign subsidiaries. The information received during the meetings of the Board of Directors and that received from the Chief Executive Officer, top management, the boards of statutory auditors of the subsidiaries and the Independent Auditors revealed no atypical and/or unusual transactions with Group companies, with third parties or with related parties.

The Board of Statutory Auditors examined the documentation relating to Exprivia's overall organisational structure and took note of both the existence of the organisation chart and the related company documentation, which details the roles and responsibilities of the organisational structures, and the system of powers exercised in accordance with the roles and powers assigned to each of the functions involved.

With reference to the residual effects of the Covid-19 pandemic which also marked the 2022 financial year, the Company operated in compliance with the regulations, reacting with extreme promptness in keeping almost all of its workforce in smart working, and continuing to provide services for its customers and protecting its employees. The Board of Statutory Auditors continued to supervise 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 compliance with 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. As noted in the Corporate Governance Report by a Resolution of 20 December 2022, the Board of Directors approved the new special part H of the 231 Organisational Model, designed to the prevent the commission of Tax Offences.

Based on the oversight activities performed and for matters within its competence, the Board of Statutory Auditors considers the organisational structure to be adequate on the whole.

1.3 Supervisory activity on the adequacy of the Internal Control System

The Board of Statutory Auditors monitored the adequacy of the Company's Internal Control System by interacting with the Integrated Internal Committee, with the head of the Internal Audit function, with the Chief Executive Officer in their capacity as director in charge of setting up and maintaining an effective Internal Control and Risk Management System, and with the Supervisory Body, through:

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

- examining the Annual Report by the Head of Internal Audit on the Internal Control System;

- acknowledging the assessment, expressed by the Board of Directors in the meeting of 15 March 2023, of the adequacy of the internal control and risk management system with respect to the features of the Company and the risk profile assumed;

- meeting with the Supervisory Body and examining the related reports;

- meeting with the Internal Audit function and Top Management regarding the organisational and management impacts of Exprivia's corporate activities;

- meeting with the Executive Manager responsible for preparing the corporate accounts;

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

- acquiring information from foreign subsidiaries on events deemed significant;

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

- participating on a regular basis in the work of the Integrated Internal Committee.

The Internal Audit function operates on the basis of a multi-year plan, reviewed annually, which defines activities and processes to be verified from a risk-based approach. The plan is approved by the Board of Directors, subject to the favourable opinion of the Integrated Internal Committee after consulting the Board of Statutory Auditors. The activities carried out by the function during the year covered the scope of activities 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 features of the Company.

The Board of Directors of Exprivia, in the meeting of 11 November 2021, approved an update of the Internal Dealing Procedure to replace the procedure that entered into force in 2006 and was subsequently amended on 11 January 2008, 4 August 2017 and 30 April 2021.

The Board of Statutory Auditors supervised the compliance of the Internal Dealing procedure with the relevant legislation and its correct application.

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 Management and Accounting System and on the financial reporting process

The Board of Statutory Auditors oversaw the Company's Management/Accounting System and its accuracy in correctly representing events in operations by gathering information from the Executive Manager responsible for preparing the corporate accounts and the heads of the competent departments, by reviewing company documentation and by analysing the results of the work performed by the Independent Auditors.

The Board of Statutory Auditors also monitored the financial disclosure process.

In carrying out his duties, the Financial Reporting Manager oversaw the process of updating the control matrices pursuant to Law 262/2005 to make them more compliant with the new IT tools used by the Company and the organisational and regulatory changes that took place.

The Board of Statutory Auditors examined the plan of independent tests (both manual and automated) presented by the Executive Manager responsible for preparing the corporate accounts, prepared in relation to the certifications made by the process managers, and in order to have an independent verification aimed at ensuring the effective performance of the controls and their substantial effectiveness.

The Board of Statutory Auditors acknowledged the certifications issued, pursuant to Article 154-bis, paragraphs 3 and 4 of the TUF, on 15 March 2023, 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 2022.

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 2023-2027 economic and financial projections approved by the Board of Directors. In its meeting of 27 February 2023, the Board of Directors approved the results of the impairment testing as at 31 December 2022.

Based on the analyses carried out and the information acquired, there were no indications to suggest that the Company's administrative and accounting system is not adequate overall and reliable in correctly representing the Company's affairs.

1.5 Supervisory activity on relations with subsidiaries and parent companies

The Board of Statutory Auditors supervised the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the TUF, ascertaining, on the basis of the information provided by the Company, its suitability to provide the information necessary to fulfil the disclosure obligations required by law. The Board of Statutory Auditors has no observations to make on the adequacy of the information flows aimed at ensuring the disclosure obligations required by law and did not receive any communications of findings from the Boards of Statutory Auditors of the Italian subsidiaries, from the parent company and investee companies and associated companies to be noted in the report. The Board of Statutory Auditors considers the information provided in the directors' report and in the Explanatory Notes to the Consolidated Financial Statements of the Group and the Separate Financial Statements as at 31 December 2022 to be adequate overall.

1.6 Supervisory activity on related-party transactions

The Board of Statutory Auditors considers the information provided in the Directors' Report, the Corporate Governance 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 2022 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.

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

During the 2022 financial year, there were no situations that required the involvement of the Integrated Internal Committee in its RPT function.

2. INTERNAL CONTROL AND AUDIT COMMITTEE

Pursuant to Article 19 of Italian Legislative Decree No. 39/2010, the Board of Statutory Auditors also identifies itself as the Internal Control and Audit Committee and has therefore carried out the prescribed supervisory activity on the statutory audit of the annual and consolidated accounts. During the supervisory activity, pursuant to Article 150, paragraph 3, the Board of Statutory Auditors met periodically with the Independent Auditors to examine the results arising from the verification of the regular maintenance of accounts, to examine the audit plan of Exprivia and the Group for the year 2022 and the progress of the activities. During these meetings, the Independent Auditors uncovered no acts or facts considered reprehensible or irregularities that required the formulation of specific reports pursuant to Article 155, paragraph 2, of the TUF. Specifically, the Board (i) acknowledged 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 2022, 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 30 March 2023, the Independent Auditors issued the reports in accordance with Article 14 of Italian Legislative Decree No. 39/2010 and Article 10 of Regulation (EU) No. 537/2014, in which it certifies that the Separate Financial Statements of Exprivia and the Consolidated Financial Statements of the Exprivia Group provide a true and fair view of the financial position of the Company and of the Group as at 31 December 2022, the financial performance and the cash flows for the year ended at that date, in compliance with the International Financial Reporting Standards adopted by the European Union, as well as the measures issued in implementation of Article 9 of Italian Legislative Decree No. 38/2005.

The reports also certify that:

- the Separate Financial Statements of the Company and the consolidated financial statements of the Group as at 31 December 2022 were prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815 and that the Consolidated Financial Statements of the Group were marked up, in all significant aspects, in compliance with the provisions of European Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of the ESEF.
- that the report on operations and certain specific information contained in the report on corporate governance and ownership structures are consistent with the Company's financial statements as at 31 December 2022 and are consistent with the Group's consolidated financial statements and are prepared in compliance with the law.

The Board of Statutory Auditors examined the Independent Auditors' written annual confirmation of independence pursuant to Article 6(2), letter a) of Regulation (EU)537/2014 and pursuant to paragraph 17, letter a) of International Standard on Auditing (ISA Italy) 260 issued on 29 March 2023, 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 Regulation (EU) No. 537/2014.

The Board of Statutory Auditors also examined the additional report, required by Article 11 of Regulation (EU) No. 537/2014, prepared by the Independent Auditors on 30 March 2023 and submitted to the Board of Statutory Auditors, as the Internal Control and Audit Committee, whereby it outlined: 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 set forth in Article 19, paragraph 1, lett. e) of Italian Legislative Decree No. 39/2010 as amended by Italian Legislative Decree No. 137/2016 and by Article 5, par. 4 of Regulation (EU) No. 537/2014, approving in advance, where required by the regulations in force, assignments for services other than the statutory audit assigned by Exprivia and its subsidiaries to the Independent Auditors and to the subjects belonging to its network.

During the 2022 financial year, the Company paid PwC fees of Euro 190,812 for assignments relating to the audit and Euro 25,743 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 10,743 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 2021 issued by the Ministry of Economic Development for Euro 15,000. The subsidiaries of the Exprivia Group included in the scope of consolidation paid PwC a total of Euro 19,313 for audit-related assignments.

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

Taking account of the professional services provided, and the confirmation of independence and absence of incompatibility issued by PwC, the Board of Statutory Auditors believes that no critical issues emerged with respect to the independence of the Independent Auditors.

With the approval of the financial statements as at 31 December 2022, the statutory audit assigned for the nine-year period 2014-2022 by Exprivia to the independent auditors PwC expired. In this regard, in 2022 Exprivia launched the procedure for selecting the new independent auditors to whom the related nine-year 2023-2031 assignment would be made in compliance with current legislation. For the purposes of the selection procedure, prepared by the Company and of which the Board of Statutory Auditors is responsible, pursuant to Article 16, paragraph 3, of Regulation (EU) No. 537/2014, the Board of Statutory Auditors used the operational support of the Financial Reporting Manager. On 8 March 2023, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, prepared its recommendation to the Board of Directors and, ultimately, to the Shareholders' Meeting. according to the purposes envisaged in current legislation.

3. OTHER ACTIVITIES

3.1 Methods for the practical implementation of corporate governance rules

In exercising its functions, the Board of Statutory Auditors, as envisaged in Article 2403 of the Italian Civil Code and Article 149 of the TUF, supervised the methods for the practical implementation of the corporate governance rules set forth in the Codes of Conduct whereby Exprivia declares to abide. The Company adheres to the Corporate Governance Code of January 2020, drawn up by the Corporate Governance Committee of Borsa Italiana and has prepared, pursuant to Article 123-bis of the TUF, the annual "Report on Corporate Governance and Ownership Structures" drawn up in accordance with the instructions accompanying the Rules of the markets organised and managed by Borsa Italiana S.p.A. and the TUF. This report provides, among other things, information regarding (i) the ownership structure; (ii) the corporate governance rules; (iii) the Internal Control and Risk Management System; (iv) the mechanisms of the Shareholders' Meeting; (v) the rights of Shareholders and the methods of exercising them; and (vi) the composition and functioning of the management and control bodies and of the internal board committees.

As regards the supervision of the methods for the practical implementation of the corporate governance rules, provided for by the Corporate Governance Code, the Board carried out this verification activity with the assistance of the Legal and Corporate Affairs function, including with reference to their adaptation to the provisions of the Corporate Governance Code.

The Board of Statutory Auditors acknowledged the recommendations of the tenth report on Corporate Governance of Borsa Italiana, endeavouring to take into consideration the recommendations of the Italian Corporate Governance Committee in its supervisory activities and noted that the Board of Directors at the meeting of 27 February 2023 assessed the 2023 Recommendations and examined the main thematic areas on which it will be necessary to focus in order to implement them during this year, considering that Exprivia is a smaller company with concentrated participation and adheres to the Code with flexibility and gradual implementation on some recommendations, according to the proportionality principle provided for in the new Code. The areas for improvement identified in the Annual Report refer mainly to two topics: (i) sustainable success and the identification of the ESG objectives that must guide the Issuer's long-term plan and (ii) the adoption of a policy of dialogue with investors and other relevant stakeholders.

From the examination of the report and the Letter of the Chairperson of the Committee of 25 January 2023, it was possible to verify the progress of Exprivia in its process of adhering to the new Corporate Governance Code.

During the years 2021 and 2022, as reported in the relevant sections of the 2022 and 2021 Corporate Governance Report, Exprivia implemented most of the recurring recommendations, some of which are still present in the letter of 25 January 2023, including the following: (i) approved the Regulations of the Board of Directors and the Committee, explicitly providing, among other things, the terms deemed appropriate for submitting information documentation before the meetings; (ii) established the economic criteria for assessing the significance of professional, commercial or financial relationships and additional remuneration with reference to Independent Directors; (iii) defined and implemented a self-assessment process for the Board of Directors, adopting a tool for the anonymous survey on the self-assessment, which the Board of Directors carried out in February 2022 and which it will carry out again in view of the next renewal; (iv) obtained several ESG certifications, in addition to those already held, as effective and internationally recognised tools in view of the Company's commitment to contributing to sustainable development.

While Exprivia still has to complete, in line with a more general trend shared by smaller companies, the implementation processes of two of the recommendations coinciding with the aforementioned areas for improvement reported by the Committee: (i) the specific identification of the objectives ESG that must guide the long-term plan of the Issuer and the long-term remuneration policies of directors and strategic executives and (ii) the adoption of a policy for the management of dialogue with shareholders and other relevant stakeholders. However, Exprivia's adaptation to the new Code is in line with the need, expressed above all by smaller companies, to wait for the consolidation of behavioural models in larger companies, confirming that the process of adaptation to the structural changes deemed necessary to fully implement the recommendations of the Code, beyond formal compliance, requires a longer time horizon.

The Board of Directors successfully carried out its self-assessment of the size, composition, functioning, tasks and remuneration of the Board itself and the Committee, using the process established by the Board of Directors' Regulations approved in the 2021 financial year. Notably, on 24 February 2022 the Board of Directors approved the questionnaire for carrying out 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 vested interests or those of third parties in specific transactions submitted to the Board of Directors. During 2022, 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 Article 123-ter of the TUF and in compliance with the provisions of Article 5 of the Corporate Governance Code and approved by the Board of Directors on 15 March 2023, 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 2022, the Board of Statutory Auditors did not receive any complaints pursuant to Article 2408 of the Italian Civil Code, nor did it receive complaints from third parties.

In 2022, 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 activities carried out 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.

The Company's activities, aimed at regulatory compliance, followed the provisions of European taxonomy, introduced by Regulation (EU) 2020/852, which entered into force on 12 July 2020 and subsequently supplemented by Delegated Regulations (EU) 2021/2139, 2021/2178 and 2022/1214.

The consolidated NFS relating to the year ended 31 December 2022 was approved at the meeting of the Board of Directors on 15 March 2023.

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 was assigned to perform a limited assurance engagement of the Consolidated Non-Financial Statement of Exprivia and its subsidiaries for the year ended 31 December 2022 pursuant to Article 3, paragraph 10, of Italian Legislative Decree No. 254/2016 and Article 5 of CONSOB Regulation No. 20267/2018, noted in the report issued on 30 March 2023 that no issues came to its attention that would suggest that the NFS of the Exprivia Group, relating to the year ended 31 December 2022, had not been drawn up, in all significant aspects, in compliance with the requirements of Articles 3 and 4 of Italian Legislative Decree No. 254/2016 and the selected Global Reporting Initiative Sustainability Reporting Standards. The conclusions of the Independent Auditors on the NFS do not extend to the data contained in the paragraph Taxonomy Regulation (EU) 2020/852 therein required by Article 8 of Regulation (EU) 2020/852.

3.5 Self-assessment of the Board of Statutory Auditors

Pursuant to Rule Q.1.1 of the Rules of Conduct of the Board of Statutory Auditors of listed companies, the Board of Statutory Auditors, following the appointment of 23 June 2021, in its first meeting of 28 June 2021, and subsequently in the meeting of March 3, 2022, 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 23 February 2023, the Board of Statutory Auditors carried out the periodic annual self-assessment and assessed its adequacy in terms of the quantitative composition of the Board in compliance with the Articles of Association and with the provisions of the law and regulations, and the qualitative composition as regards compliance with the requirements of independence, integrity and professionalism and the limits on the number of offices held and as regards its functioning.

The Board of Directors was notified of the outcome of the self-assessment of the Board of Statutory Auditors for all the necessary obligations and, in particular, to allow the Board to communicate, in the corporate governance report, that the members of the Control Body meet the independence requirements set forth in Article 148 of the TUF.

4. INDICATION OF ANY PROPOSALS TO BE SUBMITTED TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153(2) OF THE TUF

The Board of Statutory Auditors, taking into account the activity carried out and the above, considering the content of the reports drawn up by the Independent Auditors and having taken note of the certifications pursuant to Article 154 bis of the TUF issued jointly by the Chief Executive Officer and by the Executive manager responsible for preparing the corporate accounts, has found no reasons, to the extent of its remit, to oppose the approval of the financial statements at 31 December 2022, and the allocation of the profit for the year, as per the plan approved by the Board of Directors on 15 March 2023.

Molfetta, 30 March 2023

The Board of Statutory Auditors

Dora Savino - Chair

Andrea Delfino - Standing Auditor

Mauro Ferrante - Standing Auditor

This report has been translated from the original version which was issued in Italian language, solely for the convenience of international readers.

Separate Financial Statements of Exprivia SpA at 31 December 2022

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Financial statements of Exprivia SpA at 31 December 2022

Balance Sheet

Amount in Euro	Note	31/12/2022	31/12/2021
Property, plant and machinery	1	16,052,738	17,722,389
Goodwill	2	66,791,188	66,791,188
Other Intangible Assets	3	8,133,956	9,243,035
Shareholdings	4	8,970,831	9,379,629
Other financial assets	5	1,947,734	647,027
Other financial assets	6	675,952	729,717
Deferred tax assets	7	1,557,334	1,513,793
NON-CURRENT ASSETS		**104,129,733**	**106,026,778**
Trade receivables and other	8	47,464,737	49,647,329
Stock	9	876,452	880,707
Work in progress to order	10	25,331,532	22,172,390
Other Current Assets	11	12,688,867	8,533,114
Other Financial Assets	12	806,135	3,044,532
Cash resources	13	14,605,621	15,878,263
Other Financial Assets available for sale	14	2,411	2,411
CURRENT ASSETS		**101,775,755**	**100,158,746**
TOTAL ASSETS		**205,905,488**	**206,185,523**

Amount in Euro	Note	31/12/2022	31/12/2021
Share capital	15	24,284,468	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	5,190,151	4,681,896
Other reserves	15	22,851,768	15,899,313
Profit (Loss) for the year	41	11,974,399	10,165,107
SHAREHOLDERS' EQUITY		**85,289,662**	**76,350,886**
Non-current bond	16		9,155,613
Non-current bank debt	17	15,068,724	20,375,906
Other financial liabilities	18	2,687,687	3,858,247
Other no current liabilities	19	76,276	393,543
Provision for risks and charges	20	196,818	145,702
Employee provisions	21	6,674,770	7,785,101
Deferred tax liabilities	22	1,799,410	1,582,409
NON CURRENT LIABILITIES		**26,503,685**	**43,296,521**
Current bond	23	9,178,323	4,551,388
Current bank debt	24	9,826,514	9,219,683
Trade payables	25	26,467,405	27,375,433
Advances payment on work in progress contracts	26	5,638,345	4,746,256
Other financial liabilities	27	5,202,758	4,899,514
Other current liabilities	28	37,798,796	35,745,843
CURRENT LIABILITIES		**94,112,141**	**86,538,116**
TOTAL LIABILITIES		**205,905,488**	**206,185,523**

Income Statement

Amount in Euro	Note	2022	2021
Revenues	29	156,827,878	159,391,499
Other income	30	7,390,451	4,917,351
PRODUCTION REVENUES		**164,218,329**	**164,308,851**
Costs of raw, subsid. & consumable mat. and goods	31	4,016,939	7,521,075
Salaries	32	97,242,751	95,119,251
Costs for services	33	34,969,911	34,381,825
Costs for leased assets	34	727,678	566,960
Sundry operating expenses	35	1,556,463	1,035,439
Change in inventories of raw materials and finished products	36	(21,503)	71,537
Provisions	37	188,903	(411,523)
TOTAL PRODUCTION COSTS		**138,681,142**	**138,284,564**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		**25,537,187**	**26,024,287**
Amortisation, depreciation and write-downs	38	6,741,225	8,075,092
OPERATIVE RESULT		**18,795,962**	**17,949,194**
Financial income and charges	39	(2,129,549)	(3,050,183)
PROFIT (LOSS) FOR THE YEAR BEFORE TAX		**16,666,413**	**14,899,011**
Income tax	40	4,692,014	4,733,904
PROFIT OR LOSS FOR YEAR	**41**	**11,974,399**	**10,165,107**

Statement of Comprehensive Income

Amount in Euro			
Description	**Note**	**2022**	**2021**
Profit for the year	**41**	**11,974,399**	**10,165,107**
Other comprehensive income (losses) which will not be subsequently reclassified in profit (loss) for the year		-	
Profit (loss) Actuarial effect of IAS 19		485,366	104,669
Tax effect of changes		(116,488)	(25,121)
Total other comprehensive income (loss) will not subsequently be reclassified in profit (loss) for the year	**15**	**368,878**	**79,548**
Profit (loss) on FVOCI financial assets			(660)
Total other comprehensive income (loss) that will subsequently be reclassified in profit (loss) for the year	**15**	**0**	**(660)**
NET COMPREHENSIVE INCOME FOR THE YEAR		**12,343,277**	**10,243,997**

Statement of Changes in Shareholders' Equity

Amount in Euro	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Legal Reserve	Other Reserves	Profits (Losses) brought forward	Profit (Loss) for the year	Total Net Worth
Balance at 31/12/2020	**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
Components of comprehensive income:									
Profit / (loss) for the year								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**	**10,243,994**
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**
Reclassification previous year's profit					508,255	7,166,422	2,490,430	(10,165,107)	0
Dividend distribution							(2,258,588)		(2,258,588)
Destination of 2021 dividends on treasury shares						231,842	(231,842)		0
Purchase of own shares		(331,226)				(814,687)			(1,145,913)
Components of comprehensive income:									
Profit / (loss) for the year								11,974,399	11,974,399
Effects of applying IAS 19						368,878			368,878
Total comprehensive income (loss) for the year						**368,878**	**0**	**11,974,399**	**12,343,276**
Balance at 31/12/2022	**26,979,658**	**(2,695,190)**	**18,081,738**	**2,907,138**	**5,190,151**	**22,851,768**	**(0)**	**11,974,399**	**85,289,662**

Cash Flow Statement

Amount in Euro	NOTE	2022		2021	
Financial statement	**42**				
Operating activities:					
Profit (loss) for the year	41	11,974,399	(1)	10,165,107	(1)
Amortisation, depreciation and provisions		7,216,560		7,943,866	
Provision for Severance Pay Fund		4,767,009		4,669,670	
Advances/Payments Severance Pay		(5,391,974)		(5,258,990)	
Adjustment of value of financial assets		192,728		9,025	
Cash flow generated (absorbed) from operating activities	a	**18,758,722**		**17,528,678**	
Increase/Decrease in net working capital:					
Variation in stock and payments on account		(2,393,126)		(177,286)	
Variation in receivables to customers		2,191,273		(4,445,590)	
Variation in receivables to parent/subsidiary/associated company		196,998		125,739	
Variation in other accounts receivable		(4,569,849)		219,471	
Variation in payables to suppliers		(881,768)		2,953,944	
Variation in payables to parent/subsidiary/associated company		81,057		(834,862)	
Variation in tax and social security liabilities		(305,613)		2,091,884	
Variation in other accounts payable		2,251,247		580,182	
Cash flow generated (absorbed) from current assets and liabilities	b	**(3,429,781)**		**513,481**	
Cash flow generated (absorbed) from current activities	a+b	**15,328,941**		**18,042,160**	
Investment activities:					
Purchases of tangible fixed assets net of payments for sales		(478,855)		(2,589,709)	
Variation in intangible assets		(1,520,819)		(1,824,417)	
Change in non-current assets		(519,097)		(501,665)	
Net change in other financial receivables		921,629	(2)	(68,231)	(2)
Cash flow generated (absorbed) from the investment activity	c	**(1,597,142)**		**(4,984,021)**	
Financial assets and liabilities					
New loans		2,000,000	(2)	2,143,283	(2)
Reimbursement loan		(12,424,704)	(2)	(13,041,310)	(2)
Net variation in other financial debts		(829,469)	(2)	(12,351,101)	(2)
Changes in other non-current liabilities and use of risk provisions		(345,767)			
(Purchase) / Sale of own shares		(1,145,913)			
Paid dividends		(2,258,588)			
Cash flow generated (absorbed) from financing activities	d	**(15,004,441)**		**(23,249,128)**	
Increase (decrease) in cash and cash equivalent	a+b+c+d	**(1,272,642)**		**(10,190,990)**	
Cash and cash equivalent at the beginning of the year		15,878,263		26,069,253	
Cash and cash equivalent at end of year		14,605,621		15,878,263	
(1) including taxes and interest paid in the year		*6,344,545*		*6,710,697*	

(2) The sum of the relative amounts (for 2022 equal to Euro -10,332,544, for 2021 equal to Euro -23,317,359) 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 2022

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.

The financial statements of Exprivia SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

Report on Management and Coordination Activities

Pursuant to articles 2497 et seq. of the Italian Civil Code aiming to regulate transparency in the exercise of company management, the tables below provide summary data referring to the most recently approved financial statements of Abaco Innovazione SpA.

The essential data of the parent company Abaco Innovazione SpA, shown in the schedule in accordance with article 2497-bis of the Italian Civil Code, were taken from the year-end financial statements at 31 December 2021, latest financial statements available. For further information on the financial standing of Abaco Innovazione SpA at 31 December 2021, 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	31.12.2021	31.12.2020
Shareholdings	29,856,647	29,856,647
NON-CURRENT ASSETS	**29,856,647**	**29,856,647**
Other Current Assets	23,450	2,724
Cash resources	14,808	8,206
CURRENT ASSETS	**38,258**	**10,930**
ASSETS	**29,894,905**	**29,867,577**
Share capital	941,951	941,951
Revaluation reserve	200,188	200,188
Other reserves	25,979,375	25,555,817
Profits/Losses for previous periods	0	224,359
Profit/Loss for the year	214,437	199,199
SHAREHOLDERS' EQUITY	**27,335,950**	**27,121,514**
Other financial liabilities	466,511	918,996
NON CURRENT LIABILITIES	**466,511**	**918,996**
Current bank debt	285,441	38,440
Trade payables	255,405	240,971
Other financial liabilities	467,845	463,296
Other current liabilities	1,083,751	1,084,361
CURRENT LIABILITIES	**2,092,443**	**1,827,066**
TOTAL LIABILITIES	**29,894,905**	**29,867,577**

Amount in Euro	2021	2020
Revenues	400,469	400,240
Other income	0	296
PRODUCTION REVENUES	**400,469**	**400,536**
Salaries	47,061	46,020
Costs for services	29,415	28,597
Sundry operating expenses	30,344	20,771
TOTAL PRODUCTION COSTS	**106,820**	**95,389**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	**293,649**	**305,147**
OPERATIVE RESULT	**293,649**	**305,147**
Financial income and charges	(32,048)	(40,982)
PRE-TAX RESULT	**261,602**	**264,166**
Income tax	47,165	64,967
PROFIT OR LOSS FOR YEAR	**214,437**	**199,199**

Form and Content of Separate Financial Statements

Introduction

The separate financial statements of Exprivia at 31 December 2022 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 2022, 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 no. 58/98").

The schedules in the financial statements are the following:

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

The statements were drafted in compliance with IAS 1 and 7.

The separate financial statements were prepared under the general policy of giving an accurate and truthful presentation of the Company's financial standing, economic result and cash flows, while adopting the going-concern assumption, and the general policies of accrual basis accounting, presentation coherence, relevance and aggregation, rule against offsetting and comparability of information.

Adjustments to comparative data

In order to make the disclosure of data more intelligible, the presentation was changed for certain items in the comparative data of the income statement presented in accordance with IAS 1, with respect to data published in the financial statements at 31 December 2021. This had no effect on the result and net equity at that date. In particular, the following were reclassified:

- within the item “Other income” from the sub-item “other revenues and income” to the sub-item “operating grants” for Euro 120,705 relating to training contributions;
- from the item “other operating expenses” to the item “costs for services” Euro 45,714 relating to advertising costs.

Drafting and Presentation Criteria

The accounting policies and valuation criteria are the same as those adopted to prepare the separate financial statements at 31 December 2021, except as noted below.

The valuation and measurement policies are based on the IFRS standards in effect at 31 December 2022 and approved by the European Union.

Accounting standards, amendments and interpretations applicable from 1 January 2022:

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

Descrizione	Tipo di documento	Data di emissione	Data di efficacia	Standard	Data di omologa	Pubblicazione in G.U.C.E	Data di efficacia per la Società
Concessioni canoni di locazione legati al Covid-19 oltre il 30 giugno 2021. Modifiche IFRS 16	Emendamento	mar.'21	1 apr. '21	IFRS 16	30 ago.'21	31 ago.'21	1 apr.'21
Miglioramenti annuali agli standard IFRS 2018-2020	Miglioramenti annuali	mag. '20	1- gen- 2022	IFRS 16, IFRS 9, IFRS 1, IAS 41	28-giu.2021	2-lug-2021	1-gen-2022
Immobili, impianti e macchinari: incassi prima dell'uso previsto (Modifiche allo IAS 16)	Emendamento	mag. '20	1- gen- 2022	IAS 16	28-giu.2021	2-lug-2021	1-gen-2022
Riferiemnto al Quadro Concettuale (Modifiche all'IFRS 3)	Emendamento	mag. '20	1- gen- 2022	IFRS 3	28-giu.2021	2-lug-2021	1-gen-2022
Contratti onerosi - Costo dell'adempimento di un contratto (Modifiche allo IAS 37)	Emendamento	mag. '20	1- gen- 2022	IAS 37	28-giu.2021	2-lug-2021	1-gen-2022

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

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 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 newly adopted standard/amendment has no impact on the valuation of the Company's assets, liabilities, costs and revenues as the payments relating to the contracts subject to IFRS 16 have not changed.

Annual improvements to the 2018-2020 IFRS standards

Amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. All amendments will enter into force on 1 January 2022.
The standard/amendment newly adopted did not have any material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Property, plant and equipment: collections before intended use (Amendments to IAS 16)

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

Reference to the conceptual framework (Amendments to IFRS 3)

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

Onerous contracts - Cost of performance of a contract (Amendments to IAS 37)

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.

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

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

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

Descrizione	Tipo di documento	Data di emissione	Data di efficacia	Standard	Data di omologa	Pubblicazione in G.U.C.E	Data di efficacia per la Società
Applicazione iniziale dell'IFRS 17 e dell'IFRS 9—Informazioni comparative	Emendamento	dic-21	1-gen-2023	IFRS 17, IFRS 9	8-set-2022	9-set-2022	1-gen-2023
Imposte differite relative a attività e passività derivanti da una singola transazione	Emendamento	mag-21	1-gen-2023	IFRS 1, IAS 12	11-ago-2022	12-ago-2022	1-gen-2023
Informativa sui principi contabili (Modifiche allo IAS 1 e IFRS Practice Statement 2)	Emendamento	feb-21	1-gen-2023	Dichiarazione pratica 2, IAS 1, IFRS 8, IAS 34, IAS 26, IFRS 7	2-mar-2022	3-mar-2022	1-gen-2023
Definizione di Stime Contabili (Modifiche allo IAS 8)	Emendamento	feb-21	1-gen-2023	IAS 8	2-mar-2022	3-mar-2022	1-gen-2023
Modifiche all'IFRS 17	Emendamento	giu-20	1-gen-2023	IFRS 3, IAS 36, IFRS 9, IAS 1, IAS 38, IAS 32, IFRS 17, IFRS 4, IAS 40, IAS 19, IAS 16, IFRS 15, SIC-27, IAS 36, IFRS 1,, IAS 37, IAS 7, IAS 28, IFRS 5, IFRS 7	19-nov-2021	23-nov-2021	1-gen-2023

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

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.

Disclosure on accounting standards (amendments to IAS 1 and IAS 8)

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.

IFRS 17 Insurance Contracts

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 held. 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. 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 an option to improve the relevance of the information to be provided to investors during the initial application of the new standard.

The accounting standard IFRS 17 "Insurance contracts" applies to all companies, not only to insurers, in fact it applies to insurance contracts issued regardless of the sector to which the issuer belongs.

The fundamental steps to assess the impact of first-time application are:

- Understanding whether the company has issued or issues any insurance contracts according to the definition contained in the accounting standard (even if they are not formally called insurance contracts).
- Understand whether these contracts are included in any of the exemptions from the scope of IFRS 17.
- Choose whether to adopt the optional exemptions for contracts to which IFRS 17 applies.

An insurance contract is a contract under which one of the parties (the issuer) accepts a significant insurance risk from another party (the policyholder) by agreeing to indemnify the policyholder in the event that the same suffers damages as a result of one of the specific uncertain future event (the insured event).
The following exemptions from the application of IFRS 17 are envisaged:

i) guarantees provided to the customer by the manufacturer, trader or retailer in relation to the sale of a good or the provision of a service;

j) the assets and liabilities of the employer deriving from employee benefit plans and the obligations for pension benefits recognised by defined benefit pension plans;

k) contractual rights or obligations depending on the future use or right of use of a non-financial element (for example, certain types of license fees, royalties, variable lease payments and other potential lease payments and similar elements: see IFRS 15, IAS 38 Intangible Assets and IFRS 16 Leases);

l) residual value guarantees granted by the manufacturer, trader or retailer and residual value guarantees granted by the lessee, when incorporated in a lease (see IFRS 15 and IFRS 16);

m) financial guarantee contracts, unless the issuer has previously expressly declared that they are insurance contracts and has applied to them the accounting treatment envisaged for insurance contracts. The issuer must choose whether to apply IFRS 17 or IAS 32 Financial Instruments to these financial guarantee contracts. The issuer may make this choice for each individual contract, but the choice made is then irrevocable;

n) contingent consideration to be paid or received in a business combination transaction;

o) insurance contracts in which the entity is the policyholder, unless they are reinsurance contracts;

p) credit card contracts or similar contracts, which offer credit or payment instruments, which meet the definition of an insurance contract, if, and only if, the entity does not reflect the assessment of the insurance risk associated with the individual customer in determining the price of the contract with said customer.

The following optional exemptions from the application of IFRS 17 are envisaged:

- Some contracts meet the definition of an insurance contract, although their primary objective is the provision of services at a fixed price. The entity issuing these contracts may choose to apply IFRS 15 to them instead of IFRS 17 if, and only if, specific conditions are met. The entity may make this choice for each individual contract, but the choice made is then irrevocable. The conditions are as follows:

    c) the price set by the entity for the contract concluded with the customer does not reflect an assessment of the risk associated with that customer;

    d) the contract envisages as consideration for the customer the provision of services, rather than payment in cash; and the insurance risk transferred by the contract derives mainly from the use of the services by the customer, rather than from the uncertainty of the cost of those services.

- Some contracts fall within the definition of an insurance contract, but limit the compensation for insured events to the amount otherwise necessary to extinguish the policyholder's obligation created by the contract (e.g. loans with waiver in the event of death). The entity must choose to apply IFRS 17 or IFRS 9. The entity must make this choice for each portfolio of insurance contracts and the choice is irrevocable.

The analysis of the scope of application of IFRS 17 shows that, although not formally referred to as insurance contracts, some contracts could fall within the scope of application of the standard the Company will presumably take advantage of. Therefore, no impacts are expected from the first-time application of IFRS 17.

With reference to changes made to existing and upcoming accounting standards, their adoption is not expected, at this time, to have any material impact on the valuation of the Company's assets, liabilities, costs and revenues.

Accounting standards, amendments and interpretations not yet approved

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

Descrizione	Tipo di documento	Data di emissione	Data di efficacia	Standard	Data di omologa	Pubblicazione in G.U.C.E	Data di efficacia per la Società
Passività non correnti con Covenants	Emendamento	ott-22	1-gen-2024	IAS 1, Dichiarazione di pratica 2			
Lease Liability in una Sale and Leaseback Modifiche all'IFRS 16	Emendamento	set-22	1-gen-2024	IFRS 16			
Classificazione delle passività come correnti o non correnti — Differimento della data di entrata in vigore (Modifica allo IAS 1)	Emendamento	lug-20	1-gen-2023	IAS 1			
Classificazione delle passività come correnti o non correnti (Modifiche allo IAS 1)	Emendamento	gen-20	1-gen-2023	IAS 1			

On 31 October 2022, the IASB issued amendments to IAS 1 "Presentation of Financial Statements", which aim to improve the information provided by companies on long-term debt with covenants. IAS 1 requires a company to classify a liability as non-current only if the company has a right to defer settlement of the liability for at least 12 months after the reporting date. However, such a right is often subject to the company complying with covenants. For example, a company could have a long-term debt that could become

repayable within 12 months if the company does not meet the covenants in that 12-month period. The amendments to IAS 1 specify that the covenants to be observed after the reporting date do not affect the classification of the liability as current or non-current at the reporting date. Instead, the amendments require a company to provide information on these covenants in the notes to the financial statements. The amendments are effective for years beginning on or after 1 January 2024, with early adoption permitted.

On 22 September 2022, the IASB issued the document *Lease Liability in a Sale and Leaseback*, which amends IFRS 16, clarifying how a sale and leaseback transaction is accounted for after the transaction date. A sale and leaseback is a transaction for which a company sells an asset and rents the same asset for a period of time from the new owner. IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, IFRS 16 did not specify how to measure the transaction at the time of reporting after that date. The amendments issued today are in addition to the sale and leaseback requirements of IFRS 16, thus supporting the consistent application of the Accounting Standard. The amendments are effective for years beginning on or after 1 January 2024, with early adoption permitted.

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

Accounting estimates used in preparing the financial statements

Preparation of the financial statements in accordance with applicable accounting standards required the use of accounting estimates and assumptions based on complex and/or subjective assessments, on historical experience and on other factors that are deemed reasonable with respect to the circumstances and knowledge available at the reporting date. The use of these accounting estimates affects the carrying amount of assets and liabilities and the disclosure on contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs over the reference period; the actual results may differ from those estimated due to the uncertainty that characterises the assumptions made and the conditions on which the estimates are based. The estimates and assumptions are revised constantly. The effects of revised estimates are recognised in the income statement for the period in which the estimates are revised. The estimates mainly concern: amounts allocated to bad debt provisions, made according to the expected sale value of the assets to which they refer, in particular for financial assets the impairment model based on expected losses is used; amounts allocated to provisions for risks, made according to the reasonable estimate of the amount of the contingent liability, also with respect to any demands of the counterparty; amounts allocated for employee benefits, recognised according to actuarial valuations; amortisation/depreciation of tangible and intangible assets, recognised according to their remaining useful life and their recoverable amount; income taxes, determined according to the best estimate applying the current rate for the financial year; development costs, initial capitalisation for which is based on the technical and financial feasibility of the project (future cash flow projections are made for each project). The Company conducts impairment tests on goodwill at least once per year. For such tests an estimate is made on the value of the cash generating unit to which the goodwill pertains. This estimate requires a projection of future cash flows and the estimate of the discount rate after tax, which reflects the market conditions at the date of the assessment. The verification of the existence of control and/or of the possible loss of control requires the exercise of a complex professional judgement by the Company Management that considers the characteristics of the corporate structure, the agreements between the parties, as well as any other fact and circumstance that may be relevant for the purposes of said verification.

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

Conflict between Russia and Ukraine and possible impacts on business continuity

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

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

In accordance with the provisions of the "Public statement on common supervisory priorities in Europe for the 2022 annual reports", published by ESMA on 28 October 2022, the Company has taken into account the implications of the current macroeconomic context, including the effects of the increase in interest rates, inflation and the COVID-19 pandemic, in making judgements relating to business continuity and in the estimates and significant judgements used in the preparation of the financial statements.

In relation to the increase in interest rates, please refer to the information on financial risks in the specific section of the Report on Operations. With regard to inflation, see the paragraph "risk associated with the macroeconomic context".

It should be noted that there are no significant impacts deriving from the current macroeconomic context. With particular reference to the residual effects of the COVID-19 pandemic, the Company operated in compliance with the regulations, reacting with extreme promptness in keeping almost all of its workforce in smart working on the one hand, and continuing to provide services for its customers and protecting its employees on the other. As of today, and therefore with more than two years of experience in relation to the effects of the pandemic, we can state that the ICT market in which the Company operates not only did not suffer particularly from the pandemic situation but, in some cases, it was a catalyst for new commercial opportunities.

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 2021, 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 no. 58/98").

Property, plant and machinery

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

After initial recognition, plant, machinery and other assets are entered at cost, net of accumulated depreciation and any impairment. The depreciated value of each significant component of a property, plant and equipment, with a different useful life, is 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, cash and cash equivalents are made up of cash, demand deposits at banks, short-term, highly liquid financial assets (original maturity not exceeding three months). Current account overdrafts are carried under current financial liabilities.

Treasury shares

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

Employee benefits

Short-term benefits

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

Defined benefit plans

The Company grants its employees benefits under the Employee Severance Indemnity 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" of the related performance obligations.

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

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

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

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

Projects and services

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

The methods used to evaluate progress are:

- Time based method for services provided in stand-ready mode, services which consist of providing to the customer an assistance structure which intervenes when and if requested, typically application monitoring, remote assistance and/or network services for applications, training and application instruction, adaptation and corrective maintenance.
- Cost to cost for projects and services provided on a lump-sum basis, services and projects carried out on customer specifications that may include various components that are highly integrated and customised based on customer needs and represent input for the fulfilment of the overall obligation specified by the customer.
- Unit/Hours worked for advisory and support services at tariff rates; these are activities for which the benefit transferred to the customer is measured based on the hours or units worked and the agreed rate.

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

Maintenance

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

The service is provided in stand-ready mode or with constant effort. 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, Exprivia took out a bank loan agreement backed by the Italian Guarantee issued by SACE, guaranteeing 90% of the amount of the loan, pursuant to the Liquidity Decree (Italian Decree Law no. 23 of 08/04/2020 converted into Italian Law no. 40 of 05/06/2020), which envisages a variable interest rate. This is joined by other loans, some of which are variable interest rate loans and others subsidised loans, the latter being linked to funded research and development projects, as well as the fixed-rate bond issued in 2017.

The interest rate risk is due to the exposure of floating rate bank loans, and in the event of a further rise in interest rates, the Exprivia Group would not experience a significant impact on the increase in future financial charges, in the event of a change +0.50% compared to the current interest rate level.

The loans taken out with the Ministry of Economic Development, those taken out by foreign subsidiaries and the Bond loan maturing in 2023 are not exposed to interest rate risk, as they provide for the application of a fixed rate.

Credit Risk

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

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

All amounts receivable are periodically assessed for each individual customer, and they are written down when they are considered impaired. Risk for the Company is mainly related to trade receivables.

Liquidity Risk

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

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

Exchange Rate Risk

Since the majority of operations carried out by the Company is in the Euro Area there is limited exposure to foreign exchange risk arising from transactions that are not in the usual currency (Euro). Fluctuating exchange rates during the financial year did not have a significant effect on the Company.

Risk related to climate change

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

The Company's activities, to ensure the transition to a low-polluting economy, may be subject to transition and physical risks, with possible impacts on business processes, in particular production processes, as well as on the products and services offered. The sites and company assets may also be affected by catastrophic natural events (floods, droughts, fires and other) generated by the effects of climate change. The Company pursues a business strategy aimed at continuously improving the efficiency of production systems and processes for the reduction of energy consumption and atmospheric emissions and adopts technical and organisational measures aimed at reducing its environmental impacts, already insignificant by their nature, as they are similar to those generated by office activities. The Company carries out detailed and frequent interventions to monitor and control production activities and the infrastructures and structures used, and has defined operating procedures for the management of some environmental emergencies (e.g. fire emergency, flooding, etc.). The Company also has specific insurance coverage that covers possible consequences arising from disastrous climatic and natural events. The Company believes that its current exposure to the consequences of climate change is not significant and that they do not materially affect accounting estimates.

Risk deriving from the Russia-Ukraine conflict

As is well known, in mid-February of this year Russia attacked Ukraine; the conflict has now lasted for more than nine months and brings war with all its terrible consequences and suffering back to Europe. The conflict is undoubtedly having a strong impact on the whole economy, leading to ever-increasing costs of raw materials, energy sources and foodstuffs. To date, it is also difficult to predict what the next scenarios created by this conflict may be. Specifically, Exprivia, having no commercial or financial relations with the two opposing countries, is not directly impacted by the conflict and therefore does not record any losses or critical situations arising from it.

Risks associated with the macroeconomic context

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

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

Reconciliation of financial assets and liabilities according to IFRS 7

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

FINANCIAL ASSETS AT 31 December 2022	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	1,938					1,938
Investments in other companies		271				271
Financial derivative instruments						0
Non-current assets	676					676
Total no current assets	**2,614**	**271**	-	**0**	-	**2,885**
Current assets						
Trade receivables	47,465					47,465
Other financial assets	806				2	809
Other current assets	12,689					12,689
Cash and cash equivalents	14,606					14,606
Total Current assets	**75,566**	-	-	-	**2**	**75,568**
TOTAL	**78,180**	**271**	**-**	**0**	**2**	**78,453**

FINANCIAL LIABILITIES AT 31 December 2022	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	0				0
Payables to banks	15,069				15,069
Other financial liabilities	2,682	5			2,687
Other non-current liabilities	76				76
Total non-current liabilities	**17,827**	**5**	-	-	**17,832**
Current liabilities					
Current bond loans	9,178				9,178
Payables to banks	9,827				9,827
Trade payables and advances	32,106				32,106
Other financial liabilities					0
Other liabilities	5,202				5,202
Total current liabilities	37,799				37,799
Total Current liabilities	**94,112**	-		-	**94,112**
TOTAL	**111,939**	**5**	**-**	**-**	**111,944**

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, amount in thousand euro:

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	9,827	15,069	5,452	9,147	470	0
Bond	9,178	0	0	0	0	0
Lease financial liabilities	1,750	2,672	2,018	654	0	0
Other financial liabilities	3,453	16	6	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.

Explanatory Notes on the Exprivia SpA Balance Sheet at 31 December 2022

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 2022, the balance of the item "**property, plant and machinery**", net of depreciation, amounted to Euro 16,052,738 compared to Euro 17,722,389 at 31 December 2021.

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

Categories	Historical cost 01/01/2022	Historical cost increase	Historical cost decrease	Depreciation for the year	Decrem. Depreciation fund	Net value at 31/12/2022
Land	1,278,394	-	-	-	-	1,278,394
Building	12,242,875	-	-	(1,213,894)	-	11,028,981
Other assets	4,201,120	1,825,856	(1,623,953)	(1,915,773)	1,258,113	3,745,363
TOTALI	**17,722,389**	**1,825,856**	**(1,623,953)**	**(3,129,667)**	**1,258,113**	**16,052,738**

The increase of Euro 1,825,856 in the item "**other assets**" is attributable, for Euro 1,321,824, to the recognition of the right of use according to IFRS 16 of the medium/long-term rental contracts for cars, stipulated in 2022 and for Euro 491,447 relating to electronic office machines.

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), fully repaid by 31 December 2022. The request for cancellation of the mortgage following the conclusion of the repayment plan is still pending.

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 01/01/2022	Increases at 31/12/2022	Decreases at 31/12/2022	Depreciation at 31/12/2022	Decreases in the accumulated depreciation at 31/12/2022	Net value as of 31/12/2022
Land and building	2,512,761	-	-	(718,066)	-	1,794,695
Furniture and furnishings	32,599	-	-	(24,241)	-	8,358
Other assets	2,516,096	1,321,824	(1,414,373)	(1,123,124)	1,073,711	2,374,134
TOTAL	**5,061,456**	**1,321,824**	**(1,414,373)**	**(1,865,431)**	**1,073,711**	**4,177,187**

Financial payables relating to the current value of the remaining lease payments at 31 December 2022 amounted to Euro 4,421,561, of which Euro 1,750,056 classified as current liabilities and Euro 2,671,505 classified as non-current liabilities.

The amounts relating to leases recognised in 2022 compared to those recognised in 2021 in the income statement are as follows.

Description	31/12/2022	31/12/2021	Variations
Use of third party assets	**(153,360)**	**(140,251)**	**(13,109)**
Short term leasing	(4,219)	(17,588)	13,369
Leasing of modest value	(149,141)	(122,662)	(26,479)
Depreciation and write-downs of non-current assets	**(1,865,431)**	**(1,772,752)**	**(92,679)**
Amortization of rights to use leased assets	(1,865,431)	(1,772,752)	(92,679)
Financial income (charges)	**(171,877)**	**(176,424)**	**4,547**
Interest expense for leased assets liabilities	(171,877)	(176,424)	4,547

For comparative purposes, the changes in property, plant and equipment occurred in the previous year are shown 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
TOTAL						
TOTALI	**18,480,160**	**4,682,950**	**(5,769,247)**	**(3,491,723)**	**3,820,250**	**17,722,389**

Note 2 – Goodwill

At 31 December 2022, "**goodwill**" amounted to Euro 66,791,188 and there were no changes from the figure at 31 December 2021.

Goodwill was generated in the business combinations made in previous financial years as a result of the Company's growth from acquiring companies operating in the same market.

Information on Impairment Tests performed on Goodwill

Scope

IAS 36 requires that impairment tests should be performed on property, plant and equipment and intangible assets in the presence of indicators that suggest the possible existence of this problem.

In the case of goodwill, as well as all other intangible assets with an indefinite useful life, such impairment tests should be performed on a yearly basis or more frequently in the case of special negative events that might result in impairment.

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

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

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

The goodwill is allocated in full to the single IT, software and IT services CGU.

Impairment Test Process and Assessment System

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

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

The operating cash flow projections for the explicit 5-year period used for value measurement purposes are based on the plans subject to approval of the Board of Directors on 27 February 2023.

It should be noted that, in line with ESMA recommendations, the current macroeconomic context and related uncertainties (direct and indirect effects of the Russia-Ukraine conflict, increase in interest rates, effects of inflation and residual effects of the COVID-19 pandemic). It should also be noted that the effects of these uncertainties are of insignificant impact, in fact the Group is not directly impacted by the Russia-Ukraine conflict and the specific future forecasts for the IT sector inferred from external sources show that the sector is not negatively impacted.

The terminal value was calculated as the present value of the perpetuity obtained by capitalising the cash flow generated in the last analytical forecast period at a long-term growth rate (G-rate) of 2,00%, equal to the long-term inflation rate forecast for Italy.

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

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

The main assumptions underlying the 2023-2027 economic-financial forecasts are listed below:

- for 2023-2026, the projections reflect an annual compound average growth rate of Total Revenues of 3% (CAGR 2023-2027) and average profit margin of 14.7%.

The WACC (Weighted Average Cost of Capital) used to discount cash flows was equal to 9,06% and was determined as the specific discount rate for Italy.

The parameters used are as follows:

Parametri	Italia
Risk free rate	1,27%
Equity Risk Premium	5,5%
D/E	7,0%
Beta unlevered	59,0%
Beta levered	62,1%
Risk Premium	3,4%
Country Risk Premium	3,8%
Premio per il rischio addizionale	1,0%
Costo del capitale proprio (Ke)	**9,48%**
Risk free rate	1,3%
Spread	2,6%
Costo del debito (Kd Pre tax)	**3,90%**
Aliquota IRES / IS	24,0%
Costo del debito (Kd after Tax)	**2,96%**
D/D+E	6,52%
E/D+E	93,5%
WACC	**9,06%**

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

Sensitivity Analysis

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

- a 0.5 percentage point increase in the weighted average cost of capital;
- a 0.5 percentage point decrease in the growth rate "G";
- the combined change in both the variables indicated above.

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

Conclusions

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

Note 3 – Other Intangible Assets

At 31 December 2022, the balance of the item "**Other intangible assets**" amounted, net of amortisation applied, to Euro 8,133,956 compared with Euro 9,243,035 at 31 December 2021.

The table below shows the changes in the reporting period:

Categories	Net value as of 01/01/2022	Increases at 31/12/2022	Decreases at 31/12/2022	Depreciation	Net value at 31/12/2022
Cost of plant and extension	1,484,836	53,759		(559,990)	978,605
Development of advertising	5,085,125	1,814,416	-	(2,069,907)	4,829,634
Assets under constr. & payment on a/c	2,673,074	499,245	(846,602)	-	2,325,717
TOTAL	**9,243,035**	**2,367,420**	**(846,602)**	**(2,629,897)**	**8,133,956**

The increase in the item "**other intangible assets**" totalling Euro 53,759 refers to the purchase of software licenses.

The increase in the item "**costs for capitalised internal projects**" of Euro 1,814,416, including transfers of Euro 846,602 in work in progress amortised during the year following the start of the related projects, is attributable to the development of software applications in the Banking & Finance, Healthcare and Defence & Aerospace markets.

The increase in the item "**assets under construction and payments on account**" of Euro 499,246 is attributable to the development of software applications not yet completed in the Defence & Aerospace market, while the decrease of Euro 846,602 is attributable to the aforementioned development of software applications already completed and therefore amortised, as part of the afore-mentioned market.

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

Categories	Net value as of 01/01/2021	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	0	(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**

Note 4 – Equity Investments

The item "**equity investments**" at 31 December 2022 amounted to Euro 8,970,831 compared to Euro 9,379,629 at 31 December 2021.

The item is broken down below.

Equity Investments in Subsidiaries

At 31 December 2022, the item "**equity investments in subsidiaries**" amounted to Euro 8,194,062 compared with Euro 8,603,889 at 31 December 2021. The table below provides details on the item:

Description	31/12/2022	31/12/2021	Variation
Exprivia Projects Srl	1,709,366	1,709,366	-
Group Exprivia S.L.U	2,445,876	2,903,488	(457,612)
Exprivia Do Brasil	2,574,976	2,574,976	
Exprivia Chile	1,131	-	1,131
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	202,442	155,788	46,654
Consorzio Exprivia S.c. a r.l.	22,003	22,003	
Exprivia Asia Ltd	350,000	350,000	
TOTAL	**8,194,062**	**8,603,889**	**(409,827)**

The changes in investments in subsidiaries during 2022 compared with 2021 relate to:

- the change in the equity investment in Exprivia SLU is related to an increase, equal to Euro 510,000, for the waiver of trade receivables claimed by Exprivia SpA from the subsidiary and allocated by the latter to the non-available reserve and a decrease of Euro 967,613 relating to the write-down of the equity investment based on the results of the impairment test, details of which are provided below;
- the change in the equity investment held in HRCoffee Srl relates to an increase of Euro 60,701 relating to the subscription of the share capital increase as resolved by the Shareholders' Meeting on 10 August 2022 and to a decrease of Euro 14,046 relating to the write-down of the equity investment based on the results of the impairment test, more details of which are provided below;
- on 28 June 2022, the company Exprivia Chile SpA was established, of which Exprivia SpA holds 100% of the share capital.

It should be noted that Exprivia SpA holds 100% of the share capital of Beta TLC SpA (formerly Italtel SpA), a company inactive since 1 April 2022, whose carrying amount is zero as it was fully written down at 31 December 2019 following the results of the impairment test carried out on that date and described in the Annual Report at 31 December 2019.

Moreover, on 31 December 2022, there was a pledge on equity no. 9 representative of 25,000,000 category A shares corresponding to 81% of the ordinary share capital of Beta TLC SpA, granted to guarantee the obligations deriving from loan agreements taken out by Beta TLC SpA (formerly Italtel SpA); from 1 April 2022 these obligations were transferred to Assumptor external to the Exprivia Group, therefore there are no risks pertaining to Exprivia. On 14 June 2022, Exprivia purchased 19% of the share capital of Beta TLC SpA from Cisco Systems International BV, thus bringing its stake in the company to 100%.

On 27 June 2022, the Shareholders' Meeting of the sole shareholder (see next paragraph) resolved to put Beta TLC SpA into liquidation, the effectiveness of which is subject to the favourable opinion of the holders of the participating financial instruments (PFIs) outstanding under previous agreements. The special meetings of the holders of the PFIs were called on 14 March 2023 and in second call on 16 March 2023. 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 Beta TLC SpA, as Exprivia has not assumed contractual or legal obligations, either implicit or explicit, and as there are no commercial relations or significant economic interests.

Impairment test process for the equity investment and assessment system

The equity investments were subjected to impairment tests where impairment indicators were detected. The impairment test was performed by applying the methodology indicated in note 2 with reference to Goodwill, however using specific G and WACC parameters established with reference to the countries in which each company operates.

In particular, the recoverability of the book value of the equity investment in Exprivia SLU was verified, amounting to Euro 3,413 thousand, due to the transactions carried out on the share capital in 2022. The recoverability of the book value of the equity investment was verified based on the cash flow projections deriving from the economic-financial forecasts for the years 2023-2027 approved by the company's Board of Directors which envisage the following main assumptions:

- for 2023-2027, the projections reflect an average compound annual growth rate of Total Revenue of 8.5% (CAGR 2022-2027) and average profit margin of 8.4%.

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 8.09% and was determined as the specific discount rate for Spain.

The impairment test brought to light impairment of Euro 968 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.

Furthermore, the recoverability of the book value of the equity investment in HRCoffee Srl was verified, amounting to Euro 216 thousand, due to the transactions carried out on the share capital in 2022. The recoverability of the book value of the equity investment was verified based on the cash flow projections deriving from the economic-financial forecasts for the years 2023-2027 approved by the company's Board of Directors which envisage the following main assumptions:

- for 2023-2027, the projections reflect an average compound annual growth rate of Total Revenue of 25.9% (CAGR 2022-2027) and average profit margin of 11.4%.

The terminal value was calculated as the present value of the perpetuity obtained by capitalising the cash flow generated in the last explicit forecast period at a long-term growth rate (G-rate) of 2.0%, equal to the long-term inflation rate forecast for Italy.

The WACC (Weighted Average Cost of Capital) used to discount cash flows was equal to 9,06% and was determined as the specific discount rate for Italy.

The impairment test brought to light impairment of Euro 14 thousand compared to the carrying amount of the equity investment in HRCoffee srl; impairment was therefore recognised on the basis of the results of the test performed, as the fair value of the equity investment net of selling costs was lower than the value in use.

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

- a 0.5 percentage point increase in the weighted average cost of capital;
- a 0.5 percentage point decrease in the growth rate "G";
- the combined change in both the variables indicated above.

The sensitivity analysis shows that by performing the impairment test and changing the above parameters, the values in use would be lower than the carrying values with reference to the equity investment in Exprivia SLU by Euro 1,236 thousand (instead of Euro 968 thousand) and by Euro 57 thousand (instead of Euro 14 thousand) with reference to the equity investment in HRCoffee Srl. Moreover, impairment losses emerged with reference to the equity investment in Exprivia do Brasil of Euro 86 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 2022 approved by the respective administrative bodies.

Company	H.O.	Value	Compan y 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	82	201	1,783	381	100.00%	Exprivia SpA
Consorzio Exprivia S.c.a.r.l	Milano	amount in Euro	20,000	amount in thousand Euro	(1)	25	6.00	408	70.00% 25.00% 5.00%	Exprivia SpA Italtel SpA Exprivia Projects Srl
Exprivia Chile Spa	Santiago del Chile	amount in Euro	1,000	amount in thousand Euro	-	1	-	-	100.00%	Exprivia SpA
Exprivia ASIA Ltd	Hong Kong	amount in dollaro	2,937,850	amount in thousand Euro	(488)	(137)	-	840	100.00%	Exprivia SpA
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	amount in Real	5,890,663	amount in thousand Euro	128	1,459	2,777	1,967	100.00%	Exprivia SpA
Exprivia Projects Srl	Roma	amount in Euro	242,000	amount in thousand Euro	457	1,261	11,986	4,864	100.00%	Exprivia SpA
HRCOFFEE Srl	Molfetta (BA)	amount in Euro	200,000	amount in thousand Euro	(153)	(201)	174	329	70.00% 30.00%	Exprivia SpA persone fisiche
Spegea Scarl	Bari	amount in Euro	125,000	amount in thousand Euro	133	434	1,078	1,841	60.00% 40.00%	Exprivia SpA Confindusria Bari
Exprivia SLU	Madrid (Spagna)	amount in Euro	197,904	amount in thousand Euro	(367)	301	1,864	1,196	100.00%	Exprivia SpA
ProSap Centroamerica SA	Città del Guatemala (Guatemala)	amount in Quetzal	5,000	amount in thousand Euro	(193)				98.00% 2.00%	Expriva Messico SA de CV Exprivia Spa
Exprivia Messico SA de CV	Città del Messico (Messico)	amount in Pesos messicani	41,208,999	amount in thousand Euro	(1,078)	492	580	1,782	2.00% 98.00%	Exprivia SLU Exprivia SpA

At 31 December 2022, the item "**Equity investments in associated companies**" amounted to Euro 506,000 compared to Euro 498,000 at 31 December 2021. The change of Euro 8,000 is attributable to the subscription on 17 February 2022 to the reserved capital increase in the limited liability consortium company Urbanforce Scarl, acquiring a 28.57% stake.

Urbanforce is a consortium company specialised in the Salesforce market.

Equity Investments in Other Companies

At 31 December 2022, the item "**Equity investments in other companies**" amounted to Euro 270,769 compared to Euro 277,740 at 31 December 2021. The table below provides details on this item:

Description	31/12/2022	31/12/2021	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	0	6,971	(6,971)
Distretto Tecnologico Aerospaziale	2,500	2,500	-
TOTAL	**270,769**	**277,740**	**(6,971)**

Note 5 – Other Non-Current Financial Assets

The balance of the item "**Other non-current financial assets**" at 31 December 2022 amounted to Euro 1,947,734 compared to Euro 647,027 at 31 December 2021. The table below provides details on the item.

Description	31/12/2022	31/12/2021	Variations
Non-current financial receivables from subsidiaries	1,816,950	-	1,816,950
Non-current financial receivables from parent companies	-	466,511	(466,511)
Non-current financial receivables from others	120,638	180,495	(59,857)
Financial derivative instruments	10,146	21	10,125
TOTAL	**1,947,734**	**647,027**	**1,300,707**

Non-current financial receivables from subsidiaries

The item "**Non-current financial receivables from subsidiaries**" at 31 December 2022 amounted to Euro 1,816,950 compared to the zero balance at 31 December 2021. The table below provides details on the item:

Description	31/12/2022	31/12/2021	Variations
Exprivia Messico SA de CV	903,329		903,329
Exprivia Asia	913,621		913,621
TOTAL	**1,816,950**	**0**	**1,816,950**

The increase is attributable to the reclassification of financial receivables from Exprivia Asia Ltd and Exprivia Mexico SA de CV (almost entirely already in place at 31 December 2021) from current financial assets to non-current financial assets due to the contractual agreements entered into with the subsidiaries in the during the 2022 financial year in order to postpone the repayment of these loans beyond the following year.

Non-current financial receivables from parent companies

The balance of the item "**Non-current financial receivables from parent companies**", at 31 December 2022, was reduced to zero as the loan is repayable in the next 12 months, therefore it was reclassified under the item "**current financial receivables from parent companies**".

Non-current financial receivables from others

The balance of the item "**Non-current financial receivables from others**" at 31 December 2022 totalled Euro 120,638, compared to Euro 180,495 at 31 December 2021 and refers to medium/long-term guarantee deposits of Euro 73,465 and Euro 47,173 referring to financial receivables for leases deriving from some contracts with customers containing obligations that qualify as leases and for which IFRS 15 was applied to recognise revenues, and the resulting recognition of financial receivables for leases equal to the future payments discounted at the implicit rate of the supply agreement.

Derivative financial instruments

The balance of "**Non-current derivative financial instruments**" at 31 December 2022 is equal to Euro 10,146 compared to Euro 21 at 31 December 2021 and refers to a derivative product subscribed by the Company with Unicredit, initially linked to a loan with a variable interest rate which, further to the renegotiation of the loan, no longer meets the hedge accounting requirements, therefore, the related fair value change has been recognised in the income statement.

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

- upon a change of +0.5% and +1%, the fair value would be a positive Euro 11,865 and a positive Euro 13,574, respectively;
- with a change of -0.5% and -1%, the fair value would be negative for Euro 8,417 and Euro 6,678.

This is an instrument valued at fair value level 2.

Note 6 – Other Non-Current Assets

Other Non-Current Assets

The item "**Other non-current assets**" amounted to Euro 675,952 at 31 December 2021 compared to Euro 729,717 at 31 December 2021 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 623,616 for the suspension of costs pertaining to future years after 2023.

Note 7 – Deferred tax assets

At 31 December 2022, the item "**Deferred tax assets**" amounted to Euro 1,557,334 compared to Euro 1,513,793 at 31 December 2021. The table below provides details of the item, compared with the figures at 31 December 2020:

Description	31/12/2022		31/12/2021	
	Amount temporary differ	tax effect	Amount temporary differ	tax effect
Depreciation	803,066	192,736	798,787	191,709
Allowance for doubtful accounts	1,108,826	266,118	1,761,428	422,743
Fund risks	1,823,141	509,763	1,253,069	353,886
Adjustments for IFRS	785,088	182,161	785,088	182,161
Others	1,875,634	406,556	1,425,304	363,294
TOTAL	**6,395,754**	**1,557,334**	**6,023,676**	**1,513,793**

The item "**Others**" refers, for Euro 1,163,338, to provisions for staff bonuses still not paid at 31 December 2022 (tax effect of Euro 279,201), for Euro 296,761 to fair value changes in FVOCI instruments (tax effect of Euro 12,167), for Euro 70,563 to inventory write-downs (tax effect of Euro 16,935) and for Euro 235,552 to the effect of the application of IFRS 15 (tax effect of Euro 67,132) and Euro 109,420 to the effect deriving from the application of IFRS 16 (tax effect of Euro 31,121).

The table below shows the changes in 2022:

Descrizione	Value at 31 december 2021	Increases	Uses	Value at 31 december 2022
Depreciation	191,709	31,307	- 30,280	192,736
Allowance for doubtful accounts	422,743		- 156,625	266,118
Fund risks	353,886	179,267	- 23,390	509,763
Adjustments for IFRS	182,161			182,161
Others	363,294	43,260		406,556
TOTAL	**1,513,793**	**253,834**	**- 210,295**	**1,557,334**

CURRENT ASSETS

Note 8 – Trade Receivables

The item "**Trade receivables**" went from Euro 49,647,329 at 31 December 2021 to Euro 47,464,737 at 31 December 2022.

The table below provides details on the items.

Description	31/12/2022	31/12/2021	Variations
Trade receivables from customers	46,071,413	47,952,146	(1,880,733)
Trade receivables from subsidiaries	1,196,582	1,559,222	(362,639)
Trade receivables from associated companies	150,872	96,095	54,778
Trade receivables from parent companies	45,870	39,867	6,002
TOTAL	**47,464,737**	**49,647,329**	**(2,182,592)**

Trade Receivables from Customers

"**Trade receivables from customers**" went from Euro 47,952,146 at 31 December 2021 to a total of Euro 46,071,413 at 31 December 2022 and are recorded under assets net of the bad debt provision of Euro 1,290,687 as an adjustment for the risk of doubtful debts.

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

Description	31/12/2022	31/12/2021	Variation
To Italian customers	35,584,845	40,380,212	(4,795,367)
To foreign customers	3,381,743	1,773,602	1,608,141
To public bodies	8,395,512	7,399,559	995,953
S-total receivables to customers	**47,362,100**	**49,553,373**	**(2,191,273)**
Less: provision for bad debts	(1,290,687)	(1,601,227)	310,540
Total receivables to customers	**46,071,413**	**47,952,146**	**(1,880,733)**

The changes in the bad debt provision, equal to Euro 310,540, are shown in the following table:

Description		31/12/2022
Opening balance as of 1 jannuary 2022	-	1,601,227
Accruals	-	181,861
Decreases		-
Releases		492,401
Closing balance as of 31 December 2022	-	1,290,687

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

Details	31/12/2022	31/12/2021	Variation
To third parties	33,595,807	35,260,582	(1,664,775)
Invoices for issue to third parties	13,766,293	14,292,790	(526,497)
TOTAL	**47,362,100**	**49,553,372**	**(2,191,272)**

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 2022 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:

Importo Crediti	di cui		scaduto da giorni								Fondo svalutazione crediti	Crediti al netto del fondo
	a scadere	scaduto	1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	oltre		
33,595,807	27,799,203	5,796,604	1,797,686	943,636	555,491	398,438	221,425	184,174	66,443	1,629,311	(1,290,687)	**32,305,120**
100.0%	83%	17%	5%	3%	2%	1%	1%	1%	0%	5%		

Trade Receivables from Subsidiaries

The item "**Trade receivables from subsidiaries**" at 31 December 2022 amounted to Euro 1,196,582 compared to Euro 1,559,222 in the previous year.

The table below provides details on this item:

Description	31/12/2022	31/12/2021	Variation
Consorzio Exprivia	206,180	149,848	56,332
Exprivia Messico SA de CV	109,591	46,667	62,924
Exprivia Projects Srl	573,632	499,755	73,877
Exprivia SLU	134,634	644,634	(510,000)
Exprivia Do Brasil	-	3,943	(3,943)
Spegea S. c. a.r.l.	85,665	90,180	(4,515)
ACS DE Gmbh	-	60,002	(60,002)
HR Coffee	13,792	6,588	7,204
Exprivia Shanghai	73,088	57,605	15,483
TOTAL	**1,196,582**	**1,559,222**	**(362,640)**

Receivables from subsidiaries are all governed by framework agreements and refer, for commercial receivables, to corporate and logistics services, in addition to special resources provided from one company to another.

Trade Receivables from Associated Companies

“Trade receivables from associates” increased from Euro 96,095 at 31 December 2021 to a total of Euro 150,972 at 31 December 2022 and refer to the associate Quest.iT.

Trade Receivables from Parent Companies

The balance of item "**trade receivables from Parent Companies**" at 31 December 2022 amounted to Euro 45,870 compared to Euro 39,867 at 31 December 2021 and refers to receivables for administrative services of Exprivia recharged to the parent company Abaco Innovazione SpA.

Note 9 – Inventories

At 31 December 2022, the item "**inventories**" amounted to Euro 876,452 compared with Euro 880,707 at 31 December 2021 and refers to software and hardware products held for sale.

Note 10 – Work in Progress Contracts

At 31 December 2022, the balance of "**work in progress contracts**" amounted to Euro 25,331,532 compared to Euro 22,172,390 at 31 December 2021 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	31/12/2022	31/12/2021	Variation
Work in progress (gross)	78,786,577	66,681,079	12,105,498
Advances from clients	(53,455,045)	(44,508,689)	(8,946,356)
Works in progress on ordination	**25,331,532**	**22,172,390**	**3,159,142**
Advances from clients (gross)	(55,221,298)	(52,918,073)	(2,303,225)
Works in progress	49,582,953	48,171,817	1,411,136
Advances on work in progress to order	**(5,638,345)**	**(4,746,256)**	**(892,089)**

Note 11 – Other Current Assets

The balance of "**Other current assets**" at 31 December 2021 amounted to Euro 12,688,867 compared with Euro 8,533,114 at 31 December 2021.

The table below provides details on the items

Description	31/12/2022	31/12/2021	Variations
Other receivables from subsidiaries	447,951	343,089	104,862
Tax credits	1,366,452	1,184,115	182,337
Other current assets	10,874,464	7,005,910	3,868,554
TOTAL	**12,688,867**	**8,533,114**	**4,155,753**

Other Receivables from Subsidiaries

At 31 December 2022, "**Other receivables from subsidiaries**" amounted to Euro 447,951, compared with Euro 343,089 at 31 December 2022, 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	31/12/2022	31/12/2021	Variations
Receivables from Exprivia Projects for IRES from tax consolidation	254,697	122,449	132,248
Receivables from Exprivia Projects for VAT	186,807	220,640	(33,833)
Receivable from Spegea for IRES from tax consolidation	6,447		6,447
TOTAL	**447,951**	**343,089**	**104,862**

Tax Receivables

At 31 December 2022, the item "**tax receivables**" amounted to Euro 1,366,452 compared to Euro 1,184,115 at 31 December 2021. The table below provides a breakdown and a comparison with the previous year:

Description	31/12/2022	31/12/2021	Variation
Receivables for irap application on ires	68,733	68,733	-
Tax authority deductions on foreign payments	232,727	236,717	(3,990)
Credits to tax authority for VAT	20,813	20,813	-
Credits with tax authority	1,044,179	857,853	186,327
TOTAL	**1,366,452**	**1,184,115**	**182,338**

Other Current Assets

The balance of "**Other current assets**" at 31 December 2022 amounted to Euro 10,874,464 compared with Euro 7,005,910 at 31 December 2021.

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

Description	31/12/2022	31/12/2021	Variation
Receivables for contrib.	8,352,067	5,012,475	3,339,592
Advances to suppliers for services	48,573	6,994	41,579
Sundry credits	177,574	344,268	(166,694)
Receivables to welfare institutes/INAIL	225,936	211,784	14,152
Costs in future years expertise	2,070,314	1,430,389	639,925
TOTAL	**10,874,464**	**7,005,910**	**3,868,554**

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 1,604,044 for any minor grants that might not be received.

The item "**costs in future years expertise**" for Euro 2,070,314 mainly refers to maintenance costs pertaining to future periods.

Note 12 – Other Current Financial Assets

The item "**Other current financial assets**" at 31 December 2022 amounted to Euro 806,135 compared with Euro 3,044,532 at 31 December 2021.

The table below provides details on the item.

Description	31/12/2022	31/12/2021	Variation
Receivables from others	225,811	236,628	(10,817)
Receivables from subsidiaries	105,214	2,340,059	(2,234,845)
Receivables from parent companies	475,110	467,845	7,265
TOTAL	**806,135**	**3,044,532**	**(2,238,397)**

Current financial receivables from others

The balance of "**Receivables from others**" at 31 December 2022 amounted to Euro 225,811 compared to Euro 236,628 at 31 December 2021; the details are as follows:

Descrizione	31/12/2022	31/12/2021	Variazioni
Depositi cauzionali	23.579	23.579	0
Altri crediti	202.232	213.049	(10.817)
TOTALI	**225.811**	**236.628**	**(10.817)**

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

Current financial receivables from subsidiaries

At 31 December 2022, the balance of "**Current financial receivables from subsidiaries**" amounted to Euro 105,214 compared with Euro 2,340,059 at 31 December 2022, and refers to the financial receivables for loans and the cash pooling granted by Exprivia to its subsidiaries. The table below indicates the subsidiaries vis-à-vis which Exprivia has such amounts receivable.

Description	31/12/2022	31/12/2021	Variation
Exprivia Projects Srl	-	674,397	(674,397)
Exprivia Messico Sa de CV	-	736,433	(736,433)
Exprivia Asia Ltd	-	913,621	(913,621)
Exprivia SLU	102,169	15,608	86,561
Exprivia Do Brasil	3,045	-	3,045
TOTAL	**105,214**	**2,340,059**	**(2,234,845)**

The change is mainly attributable to both the reclassification of financial receivables due from Exprivia Asia Ltd and Exprivia Mexico SA de CV from current financial assets to non-current financial assets due to the new loans repayment maturities beyond 12 months (as already reported in Note 5), and the collection of the dividend from Exprivia Projects Srl.

Current financial receivables from parent companies

At 31 December 2022, the balance of "**Current financial receivables from parent companies**" amounted to Euro 475,110 compared to Euro 467,845 at 31 December 2021 and related to the current portion of the Parent Company's financial receivable due from the parent company Abaco Innovazione SpA, inclusive of interest accrued during the year (Euro 8,598).

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Note 13 – Cash and cash equivalents

At 31 December 2022, the balance of "**cash and cash equivalents**" amounted to Euro 14,605,621 compared with Euro 15,878,263 at 31 December 2021 and refers to Euro 14,552,392 held at banks and Euro 53,229 in cash on hand. To be noted is that the bank balance does not include, at 31 December 2022, secured deposits for guarantees undertaken in favour of banks. For details on the changes in this item, please refer to the Statement of Cash Flows and the specific comment.

Note 14 – Other Financial Assets Measured at FVOCI

The item "**other financial assets measured at FVOCI**" amounted to Euro 2,411 at 31 December 2022, unchanged compared to 31 December 2021. 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 2022;

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

SHAREHOLDERS' EQUITY

Note 15 – Share Capital

The "**Share Capital**", fully paid-up, amounts to Euro 26,979,658 and is shown net of treasury shares held at 31 December 2022 for an amount, therefore, of Euro 24,284,468 compared to Euro 24,615,694 at 31 December 2021. The Share Capital is represented by 51,883,958 ordinary shares with a nominal value of Euro 0.52. The number of treasury shares held at 31 December 2022 was 5,183,058, with a nominal value of Euro 2,695,190.

Exprivia Shares held directly by members of the Board of Directors

At 31 December 2022, Mr 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, 7,000 shares by the director Ms Valeria Savelli and 4,600 shares by the director Giovanni Castellaneta.

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 2022, the "**share premium reserve**" amounted to Euro 18,081,738 and is the same as 31 December 2021.

Note 15 – Revaluation Reserve

At 31 December 2022, the "**revaluation reserve**" amounted to Euro 2,907,138 and is the same as 31 December 2021. It should be noted that this item includes the tax realignment of the statutory values carried out with reference to the properties in Molfetta, Via A. Olivetti 11 and Rome, Via Bufalotta; opportunity offered by Italian Decree Law no. 104 of 14 August 2020, art. 110, paragraph 8, by reference to paragraph 1 of art. 14 of Italian Law no. 342/00.

Note 15 – Legal Reserve

At 31 December 2022, the "**legal reserve**" amounted to Euro 5,190,151 compared with Euro 4,681,896 at 31 December 2022. The change is attributable to the allocation of the result of the previous year as resolved by the Shareholders' Meeting of 28 April 2022.

Note 15 – Other Reserves

The balance of the item "**other reserves**" amounted to Euro 22,851,768 at 31 December 2022 compared to Euro 15,899,313 at 31 December 2021 and is composed of:

- Euro 17,402,706 compared to Euro 10,004,443 at 31 December 2021 for the **extraordinary reserve**. The change is attributable to both the allocation of a portion of the previous year's result as resolved by the Shareholders' Meeting on 28 April 2022 (Euro 7,166,422) and by the allocation of the dividend on treasury shares (Euro 231,842).
- Euro 5,449,062 for the **other reserves** compared to Euro 5,894,870 at 31 December 2021. Changes in 2022 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 368,878;
    - the negative effect on shareholders' equity deriving from the share premium paid in 2022 for the purchase of own shares for Euro 814,688;

NON-CURRENT LIABILITIES

Note 16 – Non-Current Bond Issues

The balance at 31 December 2022 was reclassified to the item "**current bonds**" due to the repayment of the instalments payable in the following 12 months.

Note 17 – Non-Current Payables to Banks

At 31 December 2022, the balance of the item "**non-current payables to banks**" amounted to Euro 15,068,724 compared to Euro 20,375,906 at 31 December 2021, 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 15,068,724) and the current portion (Euro 8,858,988) of the payable.

Financial Institute	Typology	Contract amount	Amount paid 31.12.2022	Date contract	Expiration date	Repayment installment	Rate applied	Residual capital 31.12.2022	To be repaid within 12 months	To be repaid over 12 months
Pool – Capofila Banca Popolare di Puglia e Basilicata	Financing	20,000,000	20,000,000	27/11/2020	30/09/2026	quarterly	Euribor + 1.60%	18,600,633	4,950,870	13,649,763
Banca del Mezzogiorno Mediocredito Centrale	Financing	3,500,000	3,500,000	23/06/2017	23/06/2027	quarterly	Euribor + 2.75%	1,569,329	1,569,329	-
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%	313,977	102,143	211,835
Ministero dello Sviluppo Economico Horizon 2020	Financing	929,129	593,845	16/02/2017	30/06/2026	half-yearly	0.80%	341,221	87,670	253,551
Ministero dello Sviluppo Economico MISE progetto Instamed	Financing	455,048	455,048	27/09/2019	30/06/2029	half-yearly	0.16%	346,076	48,233	297,843
Ministero dello Sviluppo Economico MISE progetto Prosit	Financing	503,525	503,525	05/02/2020	31/12/2029	half-yearly	0.17	414,843	52,677	362,165
Ministero dello Sviluppo Economico MISE progetto Bigimaging	Financing	335,904	335,904	14/10/2019	30/06/2029	half-yearly	0.16%	250,089	35,606	214,483
Ministero dello Sviluppo Economico FINDUSTRY 4.0	Financing	353,207	110,182	23/04/2021	31/12/2029	half-yearly	0.18%	91,543	12,460	79,083
Totale								**23,927,712**	**8,858,988**	**15,068,724**

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, (Italian Decree Law no. 23 of 8 April 2020 converted into Italian Law no. 40 of 5 June 2020) and is backed by a SACE SpA guarantee covering 90% of the amount of the loan.

The loan provides for contractual conditions, commitments and terms in line with bank credit market standards for loans of the same amount and duration, such as representations and warranties, commitment covenants, limitations on significant extraordinary transactions, financial indebtedness and significant investments, obligation to maintain adequate insurance coverage, mandatory and optional early repayment clauses, cross default, etc. The loan prohibits the distribution of dividends and/or the purchase of treasury shares in the 12 months following the date of the Loan Request, as envisaged by the Liquidity Decree; 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
31.12.2022	≤ 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 2022, the residual debt amounted to Euro 18,600,633, Euro 13,649,763 of which is to be repaid in 2024-2026 (and recorded under non-current liabilities) and Euro 4,950,870 to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

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

It should be pointed out that, by contract, the entire amount of the next two instalments was secured in the dedicated current account at 31 December 2022.

The residual debt at 31 December 2022 amounted to Euro 1,569,329, 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, which would entitle the bank to terminate the loan agreement. It should be noted that, until the date of preparation of this Report, the bank has not exercised the right to terminate the agreement.

CUP 2.0 low-interest loan

A loan agreement of Euro 863 thousand executed in favour of Exprivia (formerly Exprivia Healthcare IT Srl), of which the full amount approved was disbursed at 31 December 2022. This loan is targeted at financing a research and development project pursuant to financial law 46/82 F.I.T - PON R & C 2007/2013 - MD 24-09-2009, Project A01/002043/01/X 17 regarding: Innovative services for booking CUP 2.0 healthcare services. The loan will expire on 17 November 2025 and bears a below-market fixed rate of interest of 0.3120%.

At 31 December 2022, the residual debt amounted to Euro 313,978, Euro 211,835 of which is to be repaid in 2024-2025 (and recorded under non-current liabilities) and Euro 102,143 to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan agreement approved in favour of the Exprivia (formerly ACS Srl) up to a maximum of Euro 929,129 and disbursed for Euro 341,223 at 31 December 2022. The loan requires repayment in six-month instalments, expires on 30 June 2026 and bears a below-market fixed rate of interest of 0.80%.

At 31 December 2022, the residual debt amounted to Euro 341,221, Euro 253,551 of which is to be repaid in 2024-2026 (and recorded under non-current liabilities) and Euro 87,670 to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved and disbursed on 27 September 2019 of Euro 455,048. The loan requires repayment in six-month instalments, expires on 30 June 2029 and bears a below-market fixed rate of interest of 0.16%.

At 31 December 2022, the residual debt amounted to Euro 346,076, Euro 297,843 of which is to be repaid in 2024-2029 (and recorded under non-current liabilities) and Euro 48,233 to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved and disbursed on 05 February 2020 of Euro 503,525. The loan requires repayment in six-month instalments, expires on 31 December 2029 and bears a below-market fixed rate of interest of 0.17%.

At 31 December 2022, the residual debt amounted to Euro 414,843, Euro 362,166 of which is to be repaid in 2024-2029 (and recorded under non-current liabilities) and Euro 52,677 to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved and disbursed on 14 October 2019 of Euro 335,904. The loan requires repayment in six-month instalments, expires on 30 June 2029 and bears a below-market fixed rate of interest of 0.16%.

At 31 December 2022, the residual debt amounted to Euro 250,089, Euro 214,483 of which is to be repaid in 2024-2029 (and recorded under non-current liabilities) and Euro 35,606 to be repaid within the next 12 months (and therefore recorded under current liabilities).

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

Low-interest loan approved for Euro 353 thousand and disbursed on 23 April 2021 in the amount of Euro 110,182. The loan requires repayment in six-month instalments, expires on 31 December 2029 and bears a below-market fixed rate of interest of 0.18%.

At 31 December 2022, the residual debt amounted to Euro 91,543, Euro 79,083 of which is to be repaid in 2024-2029 (and recorded under non-current liabilities) and Euro 12,460 to be repaid within the next 12 months (and therefore recorded under current liabilities).

Net financial debt

The Net Financial Debt format implements the ESMA guidelines on disclosure requirements pursuant to the "prospectus regulation" of 4 March 2021 (ESMA 32-382-1138) and Consob warning no. 5/21 of 29 April 2021.

Amount in Euro			
		31.12.2022	**31.12.2021**
A.	Cash	53,229	37,483
B.	Other liquid assets	14,552,392	15,840,780
C 1.	Securities held for trading	2,411	2,411
C 2.	Own shares	4,457,873	3,311,960
D	**Liquid (A)+(B)+(C)**	**19,065,905**	**19,192,634**
E.	**Current financial receivables**	**806,135**	**3,044,532**
F.	Current bank debts	(4,536,854)	(7,773,314)
G.	Current portion of non-current bank debts	(14,467,983)	(5,997,758)
H.	Other current financial debts	(5,202,758)	(4,899,514)
I.	**Current financial debts (F) + (G) + (H)**	**(24,207,595)**	**(18,670,586)**
J.	**Net current financial debts (I) + (E) + (D)**	**(4,335,555)**	**3,566,580**
K.	Non-current bank debts	(15,068,724)	(20,375,906)
L.	Bond	-	(9,155,613)
M.	Other non- current financial payables net of non-current financial recivables and derivate financial istruments	(739,952)	(3,211,220)
N.	**Non-current financial debts (K) + (L) + (M)**	**(15,808,676)**	**(32,742,739)**
O.	**Net financial debits (J) + (N)**	**(20,144,231)**	**(29,176,159)**

Treasury shares held by the Company (Euro 4,457,873) 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:

	01.01.2022	Monetary flows	Non-monetary flows	31.12.2022
Current financial receivables	3,044,532	(1,063,453)	(1,174,944)	806,135
Current bank debts and current portion of non-current bank debts	(13,771,072)	9,229,030	(14,462,795)	(19,004,837)
Other current financial debts	(4,899,513)	685,844	(989,088)	(5,202,758)
Non-current bank debts	(20,375,906)	(00)	5,307,182	(15,068,724)
Bond	(9,155,613)	0	9,155,613	0
Other non-current financial payables net of non-current financial receivables and derivative financial instruments	(3,211,220)	115,640	2,355,629	(739,952)
Net liabilities from financing activities	**(48,368,794)**	**8,967,061 (*)**	**191,597**	**(39,210,136)**
Liquid	19,192,634 (**)	(126,729)	0	19,065,905
Net current financial debts	**(29,176,160)**	**8,840,332**	**191,597**	**(20,144,231)**

(*) 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 2022, the balance of the item "**Other non-current financial liabilities**" amounted to Euro 2,687,687 compared to Euro 3,858,247 at 31 December 2021.

Description	31/12/2022	31/12/2021	Variation
Non-current financial payables for leasing	2,671,505	3,660,593	(989,088)
Payables for the purchase of equity investments	1,131	-	1,131
Debts sold to other lenders	10,000	10,000	-
Non-current derivative financial instruments	5,051	187,654	(182,603)
TOTAL	**2,687,687**	**3,858,247**	**(1,170,560)**

At 31 December 2022, the item "**Non-current financial payables for leasing**" amounted to Euro 2,671,505 compared to Euro 3,660,593 at 31 December 2021 and refers to the medium/long-term portion of the amount due to leasing companies.

The item "**payables for the purchase of equity investments**" at 31 December 2022 amounted to Euro 1,131 and refers to the payable for the purchase of the equity investment of the subsidiary Exprivia Chile SpA.

The item "**Non-current financial derivatives**" at 31 December 2022 amounted to Euro 5,051 compared to Euro 187,654 at 31 December 2021 and refers to a financial derivative incorporated in the Euro 20,000,000.00 loan agreement signed on 27 November 2020 with a pool of banks, led by Banca Popolare di Puglia e Basilicata, due to the presence of a "floor zero" clause on the Euribor interest rate, valued in accordance with IAS 39.

Note 19 – Other Non-Current Liabilities

At 31 December 2022, the balance of the item "**Other non-current liabilities**" amounted to Euro 76,276 compared to Euro 393,543 at 31 December 2021.

Description	31/12/2022	31/12/2021	Variation
Non-current tax payables	76,276	393,543	(317,267)
TOTAL	**76,276**	**393,543**	**(317,267)**

Non-current tax payables

At 31 December 2022, the balance of the item "**Non-current tax liabilities**" amounted to Euro 76,276 compared to Euro 393,543 at 31 December 2021.

These payables are due to the contribution of Advanced Computer Systems A.C.S. Srl merged by incorporation into Exprivia in December 2018. The change is attributable to the entire payment of the instalment plan.

Note 20 – Provisions for Risks and Charges

At 31 December 2022, the balance of the item "**Provision for risks and charges**" amounted to Euro 196,818 compared to Euro 145,702 at 31 December 2021. The breakdown of this item is shown in the table below:

Description	31/12/2022	31/12/2021
Risk provisions staff	97,500	56,000
Provision for other risks	99,318	89,702
TOTAL	**196,818**	**145,702**

Changes are reported below:

Description	31/12/2021	Uses/Payments	Provisions	31/12/2022
Risk provisions staff	56,000	(28,500)	70,000	97,500
Provision for other risks	89,702	(64,792)	74,408	99,318
TOTAL	**145,702**	**(93,292)**	**144,408**	**196,818**

"Provision for staff risks", amounting to Euro 97,500 at 31 December 2022 compared to Euro 56,000 at 31 December 2021, related to provisions for dispute risks with former employees.

The “provision for other risks” at 31 December 2022, equal Euro 99,318 compared to Euro 89,702 at 31 December 2021, is mainly attributable to the provision on risks for work in progress on projects.

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 2022 amounted to Euro 6,674,770 compared with Euro 7,785,101 at 31 December 2021.

The following table shows changes in the provision in the year.

Description	31/12/2022
Initial existence as of January 1, 2021	**7,785,101**
Interest Cost	72,874
Uses / liquidations of the exercise	(697,839)
(Profit) actuarial losses	(485,366)
Final existence as of December 31, 2021	**6,674,770**

The table below shows the changes in the fund in 2022:

Description	31/12/2022
Opening balance at January 1, 2022	**7,785,101**
Movements through income statement:	**72,874**
- current service cost	0
- cost of services rendered for previous years	0
- interest expense / (income)	72,874
(Profit) actuarial losses	**(485,366)**
actuarial (gains)/losses arising from changes in demographic assumptions	0
actuarial (gains)/losses deriving from changes in financial assumptions	(1,066,825)
effect of adjustments based on past experience	581,459
Benefits paid	**(697,839)**
Closing balance	**6,674,770**

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:

	31/12/2022	31/12/2021
Discount rate	3.63%	0.98%
Inflation rate	5,9% anno 2023, 2,3% anno 2024, 2,0% anno 2025	1.20%
Annual rate of wage growth	Inflazione +1,50%	2.70%
Annual rate of TFR growth	5,93% anno 2023, 3,33% anno 2024, 3,0% anno 2025	2.40%
Mortality	Tav-RG48	Tav-RG48
Inability	Mod. INPS	Mod. INPS
Turn-over	5.50%	5.50%
Probability advance	2.50%	2.50%
Amount% of the severance pay in advance	70.00%	70.00%

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

Sentiment analysis					
Defined Benefit Plan - Employees' leaving indemnities (TFR) - 31 December 2020					
Discount rate		Inflation rate		Annual turnover rate	
0.50%	-0.50%	0.25%	-0.25%	2.00%	-2.00%
6,444,418	6,918,425	6,744,631	6,605,894	6,722,282	6,617,247
Impact on post employment benefits					
(230,352)	243,655	69,861	(68,876)	47,512	(57,523)

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)	597,820	1,025,499	1,114,701	6,083,328	8,821,348

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 year, through the application of a rate comprised of a fixed 1.50% and 75% of the inflation rate recorded by ISTAT with respect to December of the previous year.

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

It should be noted that the calculations include the 17% annual tax charged on the revaluation of employee severance indemnity provisions.

Note 22 – Deferred tax liabilities

Provisions for Deferred Taxes

The item "**Deferred tax liabilities**" at 31 December 2022 amounted to Euro 1,799,410 compared to Euro 1,582,409 at 31 December 2021. The increase of Euro 217,001 is attributable, for Euro 100,513, to amortisation on goodwill deductible for tax purposes and for Euro 116,488 to the valuation of the actuarial employee severance indemnity.

Description	31/12/2022		31/12/2021	
	Amount temporary differences	Tax effect	Amount temporary differences	Tax effect
TFR	354,485	100,876	(130,881)	(15,612)
Goodwill	5,489,596	1,561,241	5,136,173	1,460,728
Buildings	382,048	105,063	382,048	105,063
Adjustments for IFRS	113,088	32,230	113,087	32,230
TOTAL	**6,339,217**	**1,799,410**	**5,500,427**	**1,582,409**

The following table shows the changes during the year:

Description	Value at 31 December 2021	Increases	Uses	Value at 31 December 2022
Defined benefit plant	(15,612)	116,488		100,876
Goodwill	1,460,728	100,513		1,561,241
Buildings	105,063			105,063
Adjustments for IFRS	32,230			32,230
TOTAL	**1,582,409**	**217,001**	-	**1,799,410**

CURRENT LIABILITIES

Note 23 – Current Bond Issues

At 31 December 2022, "**current bond issues**" amounted to Euro 9,178,323 compared with Euro 4,551,388 at 31 December 2021 and referred to the current portion of the Exprivia's bond issue called "Exprivia - 5.80% 2017 - 2023".

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
31.12.2022	≤ 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 2022, the covenants had been met.

Note 24 – Current Payables to Banks

At 31 December 2022, the balance of the item "**current payables to banks**" amounted to Euro 9,826,514 compared with Euro 9,219,683 at 31 December 2021 and refers, for Euro 8,858,988, 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 967,526 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 26,467,405 at 31 December 2022 compared to Euro 27,375,433 at 31 December 2021.

Description	31/12/2022	31/12/2021	Variation
Trade payables to suppliers	25,997,048	26,878,816	(881,768)
Trade payables to subsidiaries	469,204	446,508	22,696
Trade payables to associated companies	1,153	50,109	(48,956)
TOTAL	**26,467,405**	**27,375,433**	**(908,028)**

Trade Payables to Suppliers

The item "**Trade payables to suppliers**" amounted to Euro 25,997,048 at 31 December 2022 compared to Euro 26,878,816 at 31 December 2021. The table below provides details on the item:

Description	31/12/2022	31/12/2021	Variation
Invoices received Italy	16,279,276	18,877,102	(2,597,825)
Invoices received foreing	1,964,696	1,380,593	584,103
Invoices to consultants	195,976	163,110	32,866
Invoices to be received	7,557,100	6,458,012	1,099,088
TOTAL	**25,997,048**	**26,878,816**	**(881,768)**

The table below provides details on the payables by due date, net of invoices to be received:

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
(18,439,948)	(10,739,364)	(7,700,584)	(1,787,053)	(2,379,787)	(1,166,447)	(259,347)	(392,680)	(695,865)	(408,416)	(610,989)
100.0%	58%	42%	10%	13%	6%	1%	2%	4%	2%	3%

Trade Payables to Subsidiaries

At 31 December 2022, the item "**Trade payables to subsidiaries**" amounted to Euro 469,204 compared with Euro 446,508 at 31 December 2021 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	31/12/2022	31/12/2021	Variation
Exprivia Messico SA De CV	40,309	-	40,309
Exprivia Projects Srl	139,505	152,990	(13,485)
Consorzio Exprivia Scarl	-	4,900	(4,900)
HR COFFEE Srl	60,695	70,254	(9,559)
Exprivia SLU	41,941	6,107	35,834
ACS GMBH	155,875	164,947	(9,072)
Spegea S.c. a r.l.	30,879	44,310	(13,431)
Exprivia do Brasil	-	3,000	(3,000)
TOTAL	**469,204**	**446,508**	**22,696**

Trade Payables to Associated Companies

At 31 December 2022, the item "**Trade payables to associated companies**" amounted to Euro 1,153 compared with Euro 50,109 at 31 December 2021 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 2022, the balance of the item "**Advance payments on work in progress contracts**" amounted to Euro 5,638,345 compared to Euro 4,746,256 at 31 December 2021 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 2022 amounted to Euro 5,202,758 compared to Euro 4,899,514 at 31 December 2021.

Description	31/12/2022	31/12/2021	Variation
Financial payables to subsidiaries	1,862,462	2,710,042	(847,580)
Payables to others	1,590,240	393,217	1,197,023
Payables to suppliers of leasing goods	1,750,056	1,796,256	(46,200)
TOTAL	**5,202,758**	**4,899,515**	**303,243**

Financial Payables to Subsidiaries

At 31 December 2022, "**financial payables to subsidiaries**" amounted to Euro 1,862,462 compared with Euro 2,710,042 at 31 December 2021 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 2022 refers entirely to cash pooling transactions; the details are as follows.

Description	31/12/2022	31/12/2021	Variation
Exprivia Projects Srl	1,860,144	2,706,405	(846,261)
Spegea S.c. a r.l.	2,318	3,637	(1,319)
TOTAL	**1,862,462**	**2,710,042**	**(847,580)**

Payables to others

The balance of "**financial payables to others**" at 31 December 2022 amounted to Euro 1,590,240, compared to Euro 393,216 at 31 December 2021, and mainly refers, for Euro 774,957, to transfers of receivables to factoring institutions and, for Euro 457,885, to financial advances received from customers.

Payables to suppliers of leasing goods

The balance of "**payables to suppliers of leasing goods**" at 31 December 2022 amounted to Euro 1,750,056 compared to Euro 1,796,257 at 31 December 2021.

Note 28 – Other Current Liabilities

The balance of "**Other current liabilities**" at 31 December 2022 amounted to Euro 37,798,796 compared to Euro 35,745,843 at 31 December 2021.

The table below provides details on the items:

Description	31/12/2022	31/12/2021	Variation
Payables to welfare and social security institutions	7,872,453	7,521,430	351,023
Tax payables	6,166,938	6,823,579	(656,641)
Payables to subsidiaries	232,927	125,609	107,318
Other debts	23,526,478	21,275,225	2,251,253
TOTAL	**37,798,796**	**35,745,843**	**2,052,953**

Payables to Welfare and Social Security Institutions

At 31 December 2022, the balance of "**Payables to welfare and social security institutions**" amounted to Euro 7,872,453 compared to Euro 7,521,430 at 31 December 2021. The table below shows the breakdown and comparison with 2021.

Description	31/12/2022	31/12/2021	Variation
INPS with contributions	3,563,670	3,641,003	(77,333)
Payables to pension funds	354,122	316,617	37,505
Enter other social security and welfare	208,351	157,696	50,655
Payables for penalties and interest	3,746,310	3,406,114	340,196
TOTAL	**7,872,453**	**7,521,430**	**351,023**

Tax Payables

At 31 December 2022 the item "**tax payables**" amounted to Euro 6,166,938 compared to Euro 6,823,579 at 31 December 2021. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Variation
Payables to tax authority for VAT	2,208,231	1,725,269	482,962
Payables to tax authority for IRAP	(38,054)	268,734	(306,788)
Payables to tax authority for IRES	286,704	913,837	(627,133)
Payables to tax authority for IRPEF employees	3,442,729	3,197,083	245,646
Payables to tax authority for IRPEF freelance workers	24,771	5,964	18,807
Payables to tax authority for IRPEF collaborators	45,929	48,689	(2,760)
Payables to tax authority	178,797	654,805	(476,008)
Payables to tax authority for interest and penalties	17,831	9,198	8,633
TOTAL	**6,166,938**	**6,823,579**	**(656,641)**

"**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

At 31 December 2022, the balance of "payables to subsidiaries" amounted to Euro 232,927 compared to Euro 125,609 at 31 December 2021. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Variation
Spegea for consolidated ires		2,286	(2,286)
Consorzio Exprivia for VAT	61,713	-	61,713
HR Coffee for consolidated ires	171,214	123,323	47,891
TOTAL	**232,927**	**125,609**	**107,318**

Other payables

At 31 December 2022, the item "**other payables**" amounted to Euro 23,526,477 compared to Euro 21,275,225 at 31 December 2021.

The table below provides details on the item:

Description	31/12/2022	31/12/2021	Variation
Directors' pay for settlement	37,802	37,551	251
Employees/Collaborators for fees accrued	4,456,273	4,685,684	(229,411)
Accrued holidays, festivities, summer & yr-end bonuses	12,263,251	11,697,483	565,768
Payables to associations	145,093	190,225	(45,132)
Sundry payables	3,770,550	2,465,724	1,304,826
Interest and other costs of excercise	1,134,388	1,213,098	(78,710)
Maintenance/services/contributions competence in future years	1,719,121	985,460	733,661
TOTAL	**23,526,478**	**21,275,225**	**2,251,253**

The item “**Other payables**” is mainly attributable to advances on grants for research projects still in progress at the reporting date (Euro 3,594,191).

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Explanatory Notes on the Exprivia SpA Income Statement at 31 December 2022

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 156,827,878 in 2022 compared to Euro 159,391,499 in 2021, and include inter-company revenues for a net value of Euro 3,386,977. The decrease is mainly due to lower revenues in the private sector.

Description	31/12/2022	31/12/2021	Variation
Revenues from consultancy and project development	135,431,211	137,119,840	(1,688,629)
Maintenance	14,282,629	17,288,083	(3,005,454)
Third party hardware and software	4,854,888	3,027,400	1,827,488
Proprietary Licenses	2,259,150	1,936,976	322,174
Other	-	19,200	(19,200)
TOTAL	**156,827,878**	**159,391,499**	**(2,563,621)**

Description	31/12/2022	Effect%	31/12/2021	Effect%	Variations %
Private	117,881,913	75.2%	120,093,275	75.3%	-1.8%
Public	38,945,965	24.8%	39,298,224	24.7%	-0.9%
TOTAL	**156,827,878**		**159,391,499**		**-1.61%**

Description	31/12/2022	Effect%	31/12/2021	Effect%	Variations %
Italy	146,835,370	93.6%	149,887,368	94.0%	-2.0%
Foreing	9,992,508	6.4%	9,504,131	6.0%	5.1%
TOTAL	**156,827,878**		**159,391,499**		**-1.61%**

The table below provides details on the items and inter-company relations:

Description	Exprivia Projects Srl	Exprivia Messico SA de CV	Spegea S.c.a.r.l.	HR COFFEE	Consorzio Exprivia	Exprivia Shanghai	Total
Professional services	5,703	(234,152)	10,883	6,016	2,541,069	15,483	2,345,001
Commercial advice	139,310		-	-	-		139,310
Corporate services and logistics	902,665		-	-	-		902,665
TOTAL	**1,047,678**	**(234,152)**	**10,883**	**6,016**	**2,541,069**	**15,483**	**3,386,977**

Note 30 – Other Income

"**Other income**" amounted to Euro 7,390,451 compared to Euro 4,917,351 in 2021. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Variation
Other revenue	588,034	610,331	(22,297)
Operating grants	5,335,356	2,636,475	2,698,879
Costs for capitalized internal projects	1,467,061	1,670,545	(203,484)
TOTAL	**7,390,451**	**4,917,351**	**2,473,100**

It should be noted, as already reported in the paragraph "**Change in comparative data**", that for a better presentation of the figures for 2021, Euro 120,705 was reclassified from the item "**other revenues and income**" to the item "**operating grants**" relating to contributions for training projects.

Other revenues and income

The balance of the item "**Other revenues and income**" for 2022 amounted to Euro 588,034 compared to Euro 610,331 in the previous year and mainly refers for Euro 293,484 to income from assignment of employee cars and for Euro 37,950 to suspension of costs following the valuation of contracts according to IFRS 15. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Variation
Other revenue	453,935	366,406	87,529
Other operating income	134,099	115,614	18,485
Active rentals	-	128,311	(128,311)
TOTAL	**588,034**	**610,331**	**(22,297)**

Operating grants

In 2022 "**Operating grants**" amounted to Euro 5,335,356 compared to Euro 2,636,475 in the previous year and refer to grants and tax credits pertaining to the year or authorised in the year relating to funded research and development projects.

Costs for Capitalised Internal Projects

The balance of the item "**Costs for capitalised internal projects**" in 2022 amounted to Euro 1,467,061 compared to Euro 1,670,545 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 2022, "**Costs for sundry consumables and finished products**" amounted to Euro 4,016,939 compared with Euro 7,521,075 in the previous year. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Variation
Purchase of HW-SW products	3,942,124	7,367,867	(3,425,743)
Stationery and consumables	61,762	141,090	(79,328)
Fuel and oil	13,053	12,118	934
TOTAL	**4,016,939**	**7,521,075**	**(3,504,136)**

The change in the item "purchase of hw-sw products" is attributable to the lower purchases of hardware and software for resale. In particular, a significant portion of the 2021 balance is closely linked to a single order that was completed in the previous year 2021.

Note 32 – Staff Costs

The balance of the item "**staff costs**" in 2022 came to Euro 97,242,751 compared to Euro 95,119,251 in 2021.

The table below provides details on the items.

Description	31/12/2022	31/12/2021	Variation
Salaries and wages	70,675,985	69,256,124	1,419,861
Social charges	19,165,529	18,655,699	509,830
Severance Pay	4,767,009	4,669,670	97,339
Other staff costs	2,400,590	2,043,808	356,782
Intercompany	233,638	493,953	(260,312)
TOTAL	**97,242,751**	**95,119,251**	**2,123,500**

The increase in personnel costs (Euro 2,123,500) is mainly due to an increase in the per capita cost of 2.4%.

The change in the item "**Other personnel costs**" is mainly attributable to higher costs for meal vouchers (+ Euro 245 thousand) due to the change in the unit amount of the tickets from Euro 4 (in the first half of 2021) to Euro 5.

The item "**Intercompany**" includes costs for personnel on secondment to the subsidiary Exprivia Projects Srl.

The number of employees at 31 December 2022 amounted to 1,821 workers (1,817 employees and 4 temporary workers), compared to 1,837 at 31 December 2021 (1,833 employees and 4 temporary workers).

The average number of employees at 31 December 2022 was 1,828.

Note 33 – Costs for Services

In 2022, the balance of the item "**Costs for services**" amounted to Euro 34,969,911 compared with Euro 34,381,825 in the previous year. The table below provides the 2022 figures, compared with those of 2021:

Description	31/12/2022	31/12/2021	Variation
Technical and commercial consultancy	21,375,080	21,529,354	(154,274)
Administrative/company/legal consultancy	1,497,579	1,928,169	(430,590)
Consultancy to associated companies	1,575,831	1,752,205	(176,374)
Auditors' fees	81,829	80,969	860
Travel and transfer expenses	641,427	370,673	270,754
Utilities	673,422	632,853	40,569
Advertising and agency expenses	703,189	515,124	188,065
Bank charges	225,727	251,689	(25,962)
HW and SW maintenance	4,585,867	4,745,818	(159,951)
Insurance	714,341	561,399	152,942
Costs of temporary staff	1,010,665	628,921	381,744
Other costs	1,884,954	1,384,651	500,303
TOTAL	**34,969,911**	**34,381,825**	**588,086**

It should be noted, as already reported in the paragraph “**Change in comparative data**”, that for a better presentation of the figures for 2021, Euro 45,714 has been reclassified from the item “**other operating expenses**” to the item “**costs for services**” relating to advertising costs.

The table below provides details on inter-company services, amounting to Euro 1,575,831, broken down by company. Please note that the inter-company costs incurred in 2022 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	vs. HR COFFEE	Total
Professional services	145,805	213,549	420,476	702,867	43,384	49,750	1,575,831
TOTAL	**145,805**	**213,549**	**420,476**	**702,867**	**43,384**	**49,750**	**1,575,831**

The statement below is provided in accordance with art. 149-duodecies of CONSOB Issuers' Regulation to show amounts paid to the independent auditors in 2022 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	190,812
Other audit services *	PricewaterhouseCoopers SpA	Parent company	25,743
TOTAL			**216,555**

(*) Non-audit services provided to the Parent Company refer to the performance of agreed procedures for Euro 10,743 and to the audits of the statement of costs incurred by the Company for research and development in 2021 for Euro 15,000.

Note 34 – Costs for Leased Assets

In 2022, the item "**Costs for leased assets**" amounted to Euro 727,678 compared to Euro 566,960 in the previous year and is broken down in the table below:

Description	31/12/2022	31/12/2021	Variation
Rental expenses	43,185	77,675	(34,490)
Car rental/leasing	4,219	17,588	(13,369)
Rental of other assets	149,141	122,663	26,478
Royalties	531,133	349,034	182,099
TOTAL	**727,678**	**566,961**	**160,718**

The change in the item "Licensing fees" is mainly attributable to higher costs of the new payroll processing software, in use since 2022 (+ Euro 125 thousand) and higher license costs for internal use (+ Euro 97 thousand).

Note 35 – Sundry Operating Expenses

In 2022, "**Sundry operating expenses**" amounted to Euro 1,556,463 compared to Euro 1,035,439 in the previous year and is broken down in the table below:

Description	31/12/2022	31/12/2021	Variation
Annual subscriptions	194,833	121,548	73,285
Taxes	346,264	310,895	35,369
Penalties and fines	49,991	15,199	34,792
Charitable donations	24,000	8,410	15,590
Contingency liabilities	309,808	251,423	58,385
Write-offs	627,582	274,740	352,842
Capital losses on disposals	3,985	53,223	(49,238)
TOTAL	**1,556,463**	**1,035,439**	**521,025**

It should be noted, as already reported in the paragraph "**Change in comparative data**", that for a better presentation of the figures for 2021, Euro 45,714 has been reclassified from the item "**other operating expenses**" to the item "**costs for services**" relating to advertising costs.

The item "**loss on receivables**" refers to certain losses on receivables that occurred during the year. It should be noted, however, that the Company recognised under the item "Provisions and write-downs of current assets" the release of the bad debt provisions already allocated equal to Euro (492,401) against the aforementioned losses.

Note 36 – Changes in Inventories

In 2022, the balance of the item "**changes in inventories**" is positive and amounted to Euro 21,503 compared with the positive change of the previous year of Euro 71,537 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 2022 amounted to Euro 188,903 compared to Euro (411,523) in 2021. The table below provides details on the item:

Description	31/12/2022	31/12/2021	Variation
Provision for legal disputes with employees	70,000	36,000	34,000
Other provisions	25,000	-	25,000
Provision for risks on loss-making orders	274,115	(54,306)	328,421
Provision for bad debts	(310,540)	(493,217)	182,677
Inventory write-down	130,328	100,000	30,328
TOTAL	**188,903**	**(411,523)**	**600,426**

The item "**Provision for risks on loss-making contracts and research projects**", equal to Euro 274,116, is attributable for Euro 289,500 to the provision made on the basis of the Company's estimate of the risk of non-recognition of a grant on a research project and for the remainder of Euro (15,385) to the release of the risk provision for loss-making contracts.

The item "**Bad debt provisions**", amounting to Euro (310,540), refers to Euro (492,401) for the release of the bad debt provision already allocated relating to certain losses on receivables that occurred during the year as already described in Note 34 "Sundry operating expenses" ; and to Euro 181,861 to write-downs carried out during the year for non-recoverable receivables.

Note 38 – Amortisation, Depreciation and Write-downs of Non-Current Assets

In 2022, the balance of the item "**Amortisation, depreciation and write-downs of non-current assets**" amounted to Euro 6,741,225 compared with Euro 8,075,092 in the previous year and comprises amounts pertaining to the reporting period for amortisation and depreciation of intangible assets, property, plant and equipment and write-downs.

Description	31/12/2022	31/12/2021	Variation
Amortisation intangible assets	2,629,897	2,732,370	(102,474)
Amortisation tangible assets	3,129,669	3,491,722	(362,053)
Write-downs of equity investments	981,659	1,851,000	(869,341)
TOTAL	**6,741,225**	**8,075,092**	**(1,333,868)**

Amortisation and Depreciation

Amortisation of intangible assets amounted to Euro 2,629,897 in 2022 compared to Euro 2,732,370 in 2021, the change is detailed in Note 3.

Depreciation of property, plant and equipment amounted to Euro 3,129,669 in 2022 compared to Euro 3,491,722; the change is detailed in Note 1.

Write-downs

The write-downs in 2022 amounted to Euro 981,659 compared to Euro 1,851,000 in 2021. The amount allocated in 2022 refers to the write-down of the equity investment in Exprivia Slu (for Euro 967,613) and HR Coffee Srl (for Euro 14,046); for more information, please refer to Note 4.

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

In 2022, the balance of the item "**Financial income and (charges) and other investments**" was a negative Euro 2,129,549 compared to a negative balance of Euro 3,050,182 in 2021. The breakdown between income and charges is shown below.

Description	31/12/2022	31/12/2021	Variation
Income from equity investments by subsidiaries	546,993	-	546,993
Income from parent companies	17,185	32,339	(15,154)
Income from subsidiaries	2,656	99,412	(96,756)
Income from other financial assets valued at FVOCI	-	21,809	(21,809)
Income other than the above	306,100	286,742	19,358
Income other than the above	(2,477,113)	(3,017,222)	540,109
Charges from parent companies	(435,197)	(400,469)	(34,728)
Charges from subsidiaries	(82,142)	(62,272)	(19,870)
Exchange gains / (losses)	(8,031)	(10,521)	2,490
TOTAL	**(2,129,549)**	**(3,050,182)**	**920,633**

Income from Equity Investments

In 2022, "**Income from equity investments**" amounted to Euro 546,993 and refers to dividends received from the subsidiary Exprivia Projects Srl.

Income from parent companies

In 2022, the item "**Income from parent companies**" amounted to Euro 17,185 compared with Euro 32,339 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 2022, "**Income from subsidiaries**" amounted to Euro 2,656 compared to Euro 99,412 in the previous year and refers to interest accrued from cash pooling and for loans in place with its subsidiaries.

Income other than the above

The item "**Income other than the above**" in 2022 amounted to Euro 306,100 compared to Euro 286,742 in 2021.

Description	31/12/2022	31/12/2021	Variation
Bank interest receivable	3,802	2,060	1,742
Other interest income	105,657	122,447	(16,790)
Rounding up of assets	196,642	162,235	34,407
TOTAL	**306,101**	**286,742**	**19,359**

The balance in "**other interest income**" is mainly attributable, for Euro 195,207, to the income for the year 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.

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Interest and other financial charges

In 2022, the item "**Interest and other financial charges**" amounted to Euro 2,477,115 compared to Euro 3,017,222 in 2021.

Description	31/12/2022	31/12/2021	Variation
Bank interest payable	10,881	19,887	(9,006)
Interest on loans and mortgages	1,234,661	1,558,773	(324,112)
Sundry interest	983,019	891,443	91,576
Charges on financial products and sundry items	175,678	519,339	(343,659)
Interest cost IAS 19	72,874	27,780	45,094
TOTAL	**2,477,113**	**3,017,222**	**(540,109)**

Charges from parent companies

The balance of the item "**Charges from parent companies**" amounted to Euro 435,197 in 2022 compared with Euro 400,469 in 2021and refers to the portion applicable to the period of charges recognised to the parent company Abaco Innovazione SpA for guarantees issued by the latter.

Charges from Subsidiaries

In 2022, the balance of the item "**Charges from subsidiaries**" amounted to Euro 82,142 compared with Euro 62,272 in 2021 and refers to interest for the cash pooling in place with its subsidiaries.

Gains/(Losses) on Currency Exchange

The balance of the item "**exchange gains/(losses)**" in 2021 is negative for Euro 8,031 compared to a negative balance of Euro 10,521 in 2021 and is related to foreign currency transactions.

Note 40 – Income Taxes

"**Income taxes**" in 2022 amounted to Euro 4,692,014 compared to Euro 4,733,904 in 2021. The table below provides details on the items.

Description	31/12/2022	31/12/2021	Variation
IRES	3,585,000	3,560,000	25,000
IRAP	1,065,000	1,155,000	(90,000)
Taxes from prior years	(14,960)	(166,359)	151,399
Defered tax	100,512	100,950	(438)
Deferred tax assets	(43,538)	84,313	(127,851)
TOTAL	**4,692,014**	**4,733,904**	**(41,890)**

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 Italian Law no. 215 of 17 December 2021, as subsequently amended by Italian Law no. 234 of 30 December 2021.

The table below shows the reconciliation between the theoretical IRES charge reported in the financial statements and the actual tax charge:

Description	31/12/2022		31/12/2021	
	AMOUNT	%	AMOUNT	%
RECONCILIATION BETWEEN THEORETICAL AND ACTUAL RATE				
RESULT BEFORE TAXES	16,666,413		14,899,011	
THEORETICAL TAX	**3,999,939**	**24.0%**	**0**	**24.0%**
NON-DEDUCTIBLE COSTS AND EXPENSES	3,290,480		4,585,454	
NON-TAXABLE REVENUES AND INCOME	(3,678,181)		(2,214,395)	
DEPRECIATION	(25,914)		694,555	
OTHER CHANGES IN DECREASE	(1,315,297)		(3,131,291)	
USE OF TAX LOSSES				
TAXABLE TAX	14,937,501		14,833,334	
IRES FOR THE YEAR	**3,585,000**		**3,560,000**	
EFFECTIVE RATE		**21.5%**		**23.9%**

Note 41 - Profit (Loss) for the Year

The income statement closed with a profit (after tax) of Euro 11,974,399 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 18.8 million, the management of working capital absorbed cash flows of Euro -3.4 million, investment activities absorbed cash of Euro -1.6 million, whereas the cash flow absorbed by financing activities was Euro -14.5 million.

Financial charges paid in the financial year amounted to Euro 2,836 thousand, income received in the financial year amounted to Euro 5 thousand and taxes paid in the financial year amounted to Euro 3,514 thousand.

Contributions and economic benefits received from public administrations

Pursuant to art. 1 paragraph 125 of Italian Law no. 124 of 2017, the statement below provides information relating to contributions and other economic benefits received in cash from the Italian public administrations in the course of 2022.

Typology	Financing Body	Project	Subsidized rate	Amount collected 31/03/202
Lost Fund	Regione Lazio	Heal9000		40,108
Lost Fund	UE	ECHO		3,831
Lost Fund	MISE	Bigimiging		292,833
Lost Fund	Regione Puglia	Secure Safe Apulia		2,746,850
Lost Fund	INPS	Decontribuzione Sud, sconto 30% sui contributi di cui al DL 104 Agosto 2020		725,650
Total				**3,809,272**

Related parties

Exprivia carries out transactions with the parent company, with subsidiaries and associated companies and with other related parties.

Inter-company Relations

Transactions between Exprivia and the parent companies, subsidiaries and associates essentially consist of services and the exchange of software products. They are part of ordinary operations conducted at market conditions, meaning at the conditions that would be applied between independent parties. All transactions are carried out in the interest of the companies involved. The tables below show amounts for commercial relations, financial relations and those of other kinds with parent companies, subsidiaries and associated companies.

The tables below show amounts for commercial relations, financial relations and those of other kinds with subsidiaries of Exprivia.

All values are expressed in Euro units.

Equity Investments in Subsidiaries

Description	31/12/2022	31/12/2021	Variation
Exprivia Projects Srl	1,709,366	1,709,366	-
Group Exprivia S.L.U	2,445,876	2,903,488	(457,612)
Exprivia Do Brasil	2,574,976	2,574,976	
Exprivia Chile	1,131	-	1,131
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	202,442	155,788	46,654
Consorzio Exprivia S.c. a r.l.	22,003	22,003	
Exprivia Asia Ltd	350,000	350,000	
TOTAL	**8,194,062**	**8,603,889**	**(409,827)**

Non-Current Financial Receivables

Description	31/12/2022	31/12/2021	Variations
Exprivia Messico SA de CV	903,329		903,329
Exprivia Asia	913,621		913,621
TOTAL	**1,816,950**	**0**	**1,816,950**

Trade Receivables

Description	31/12/2022	31/12/2021	Variation
Consorzio Exprivia	206,180	149,848	56,332
Exprivia Messico SA de CV	109,591	46,667	62,924
Exprivia Projects Srl	573,632	499,755	73,877
Exprivia SLU	134,634	644,634	(510,000)
Exprivia Do Brasil	-	3,943	(3,943)
Spegea S. c. a.r.l.	85,665	90,180	(4,515)
ACS DE Gmbh	-	60,002	(60,002)
HR Coffee	13,792	6,588	7,204
Exprivia Shanghai	73,088	57,605	15,483
TOTAL	**1,196,582**	**1,559,222**	**(362,640)**

Work in Progress

Description	31/12/2022	31/12/2021	Variation
Spegea Scarl		2,297	(2,297)
Exprivia Messico SA de CV		6,592	(6,592)
Consorzio Exprivia Scarl	175,135	175,017	118
TOTAL	**175,135**	**183,906**	**(8,771)**

Other Current Receivables

Description	31/12/2022	31/12/2021	Variations
Receivables from Exprivia Projects for IRES from tax consolidation	254,697	122,449	132,248
Receivables from Exprivia Projects for VAT	186,807	220,640	(33,833)
Receivable from Spegea for IRES from tax consolidation	6,447		6,447
TOTAL	**447,951**	**343,089**	**104,862**

Current Financial Receivables

Description	31/12/2022	31/12/2021	Variation
Exprivia Projects Srl	-	674,397	(674,397)
Exprivia Messico Sa de CV	-	736,433	(736,433)
Exprivia Asia Ltd	-	913,621	(913,621)
Exprivia SLU	102,169	15,608	86,561
Exprivia Do Brasil	3,045	-	3,045
TOTAL	**105,214**	**2,340,059**	**(2,234,845)**

Trade Payables

Description	31/12/2022	31/12/2021	Variation
Exprivia Messico SA De CV	40,309	-	40,309
Exprivia Projects Srl	139,505	152,990	(13,485)
Consorzio Exprivia Scarl	-	4,900	(4,900)
HR COFFEE Srl	60,695	70,254	(9,559)
Exprivia SLU	41,941	6,107	35,834
ACS GMBH	155,875	164,947	(9,072)
Spegea S.c. a r.l.	30,879	44,310	(13,431)
Exprivia do Brasil	-	3,000	(3,000)
TOTAL	**469,204**	**446,508**	**22,696**

Current Financial Payables

Description	31/12/2022	31/12/2021	Variation
Exprivia Projects Srl	1,860,144	2,706,405	(846,261)
Spegea S.c. a r.l.	2,318	3,637	(1,319)
TOTAL	**1,862,462**	**2,710,042**	**(847,580)**

Other Current Payables

Description	31/12/2022	31/12/2021	Variation
Spegea for consolidated ires		2,286	(2,286)
Consorzio Exprivia for VAT	61,713	-	61,713
HR Coffee for consolidated ires	171,214	123,323	47,891
TOTAL	**232,927**	**125,609**	**107,318**

Trade Revenues

Description	31/12/2022	31/12/2021	Variation
Spegea Scarl	10,883	49,297	(38,414)
Exprivia Projects Srl	1,047,678	971,365	76,313
Exprivia Shanghai	15,483	57,605	(42,122)
Exprivia Messico SA de CV	(234,152)	-	(234,152)
Consorzio Exprivia Scarl	2,541,068	2,503,375	37,693
HR COFFEE Srl	6,016	5,400	616
TOTAL	**3,386,977**	**3,587,042**	**(200,065)**

Trade Costs

Description	31/12/2022	31/12/2021	Variation
Spegea Scarl	145,805	111,547	34,258
Exprivia Projects Srl	213,549	576,766	(363,217)
Exprivia SLU	420,476	360,405	60,072
ACS Gmbh	702,867	667,708	35,159
Hr Coffee Srl	49,750	-	49,750
Exprivia Messico SA De CV	43,384	35,779	7,605
TOTAL	**1,575,831**	**1,752,205**	**(176,374)**

Personnel Revenues/Costs

Description	31/12/2022	31/12/2021	Variation
Revenues from seconded personnel v Exprivia Projects	0	(15,139)	15,139
Personnel costs on secondment v Exprivia Projects	233,637	509,092	(275,455)
TOTAL	**233,637**	**493,953**	**(260,316)**

Write-downs of Equity Investments

Description	31/12/2022	31/12/2021	Variation
Exprivia Slu	967,613	1,851,000	(883,387)
Hr Coffee Srl	14,046		14,046
TOTAL	**981,659**	**1,851,000**	**(869,341)**

Income from Equity Investments

Description	31/12/2022	31/12/2021	Variation
Exprivia Projects Srl	546,993		546,993
TOTAL	**546,993**	**0**	**546,993**

Financial Income (interest income on loans)

Description	31/12/2022	31/12/2021	Variation
Exprivia SLU	2,656	57,580	(54,924)
Exprivia ASIA Ltd		23,449	(23,449)
Exprivia Messico SA De CV		18,283	(18,283)
TOTAL	**2,656**	**99,312**	**(96,656)**

Financial Charges (cash pooling interest expense)

Description	31/12/2022	31/12/2021	Variation
Spegea Scarl		1,101	(1,101)
Exprivia Projects Srl	82,142	61,171	20,971
TOTAL	**82,142**	**62,272**	**19,870**

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	31/12/2022	31/12/2021	Variation
Abaco Innovazione SpA	0	466,511	(466,511)
TOTAL	**0**	**466,511**	**(466,511)**

Current Financial Receivables

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione SpA	475,110	467,845	7,265
TOTAL	**475,110**	**467,845**	**7,265**

Trade Receivables

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione SpA	45,870	39,867	6,002
TOTAL	**45,870**	**39,867**	**6,002**

Financial Costs (guarantees)

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione SpA	435,197	400,469	34,728
TOTAL	**435,197**	**400,469**	**34,728**

Financial Income (interest income on loans)

Description	31/12/2022	31/12/2021	Variation
Abaco Innovazione SpA	17,185	32,339	(15,154)
TOTAL	**17,185**	**32,339**	**(15,154)**

Relations with Associated Companies

Relations with Associated Companies consist primarily of services and the exchange of products. They are part of ordinary business operations and are settled at market conditions, i.e. on the terms that would have applied between two independent parties. All transactions are carried out in the interest of the Company involved.

The table below provides information on relations with associated companies: values are expressed in Euro units:

Equity Investments in Associated Companies

Description	31/12/2022	31/12/2021	Variation
QUESTIT SRL	498,000	498,000	0
URBANFORCE SCARL	8,000		8,000
TOTAL	**506,000**	**498,000**	**8,000**

Receivables from Associated Companies

Description	31/12/2022	31/12/2021	Variation
QUESTIT SRL	150,871	96,095	54,777
TOTAL	**150,871**	**96,095**	**54,777**

Payables to Associated Companies

Description	31/12/2022	31/12/2021	Variation
QUESTIT SRL	1,153	50,109	(48,956)
TOTAL	**1,153**	**50,109**	**(48,956)**

Costs

Description	31/12/2022	31/12/2021	Variation
QUESTIT SRL	35,433	129,772	(94,339)
TOTAL	**35,433**	**129,772**	**(94,339)**

Revenues

Description	31/12/2022	31/12/2021	Variation
QUESTIT SRL	201,646	148,842	52,804
TOTAL	**201,646**	**148,842**	**52,804**

Relations with Other Related Parties

Transactions with other related parties essentially consist of services and the exchange of products. They are part of ordinary business operations and are settled at market conditions, i.e. on the terms that would have applied between two independent parties. All transactions are carried out in the interest of the Company involved.

The table below provides information on relations with other related parties: values are expressed in Euro units:

Payables - Suppliers

Descrizione	31/12/2022	31/12/2021	Variation
Giuseppe Laterza & Figli SpA	11,100	12,000	(900)
TOTAL	**11,100**	**12,000**	**(900)**

Costs

Description	31/12/2022	31/12/2021	Variazione
Giuseppe Laterza & Figli SpA	27,160	22,001	5,159
TOTAL	**27,160**	**22,001**	**5,159**

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	454,000	102,000	266,846	327,800	428,200	79,256	665,428	302,459
Statutory Auditors	81,829	-	-	-	52,618	-	-	-
Strategic managers	-	-	232,692	76,955	-	-	312,363	81,461
TOTAL	**535,829**	**102,000**	**499,538**	**404,755**	**480,818**	**79,256**	**977,791**	**383,920**

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 2022 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

There are no events to report.

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Molfetta, 15 March 2023

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Mr Domenico Favuzzi

Board of Directors' Proposal to the Shareholders' Meeting

Dear Shareholders,

We would like to thank you for your trust and we encourage you to approve the year-end financial statements at 31 December 2022. We propose that the profit of Euro 11,974,398.89 be distributed as follows:

- to the “Legal Reserve”, for Euro 205,780.50, thus bringing the legal reserve to an amount equal to one fifth of the share capital, or equal to Euro 5,395,931.63;
- to the “Extraordinary Reserve”, for the remaining part, equal to Euro 11,768,618.39.

Molfetta, 15 March 2023

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Mr Domenico Favuzzi

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

The undersigned Domenico Favuzzi, Chairman and CEO, and Donato Dalbis, Executive manager responsible for preparing the corporate accounts of Exprivia, certify the following, taking into account the provisions of art. 154-bis (3, 4) of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Company and
- the effective application of administrative and accounting procedures to draft the financial statements for the reporting period at 31 December 2022.

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 2023

Domenico Favuzzi	**Donato Dalbis**
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 2022

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 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 2022, 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 2022, 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 No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of 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

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

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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 2022 of Exprivia SpA*	
The value of goodwill as of 31 December 2022 amounted to Euro 67 million, corresponding to about 32.5 per cent of total assets. The recoverability of the value of goodwill at 31 December 2022 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 plans submitted for approval by the Company's Board of Directors on 27 February 2023. 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 expected long-term inflation rate for Italy. The discount rate (WACC) as well as the long-term growth rate (G-rate) were determined with the support of an independent expert. The impairment test did not reveal any impairment losses to be reflected in the financial statements as of 31 December 2022. The Company also performed a sensitivity analysis on the basis of the changes in the discount rate, G-	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 27 February 2023. We verified that the 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 rates 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*
rate, as well as the combined change in all two variables mentioned above. This analysis showed that the values in use are higher than the carrying amounts. The item "goodwill" was considered relevant to the audit work due to both the materiality of the amount and the complexity of the process for 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 No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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, actions taken to eliminate the related risks, or safeguards applied.

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) No 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) No. 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 as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 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 as of 31 December 2022 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 No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 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 2022, 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) No. 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 No. 58/98, with the financial statements of Exprivia SpA as of 31 December 2022 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 2022 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 No. 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.

Napoli, 30 March 2023

PricewaterhouseCoopers SpA

Signed by

Carmine Elio Casalini
(Partner)

As disclosed by the directors on page 152, the accompanying financial statements of Exprivia SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. 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.