SYS-DAT

Three-Year Consolidated Financial Statements for years ended 31 December 2023, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

SYS-DAT S.p.A.

Independent auditor's report on the

Three Years Consolidated Financial Statements for the years ended 31 December 2023, 2022 and 2021

PBT/MAR/cpt - RC105972023BD0997

BDO

Tel: +39 02 58.20.10
www.bdo.it

Viale Abruzzi, 94
20131 Milano

Independent auditor's report

To the Board of Directors of
Sys-Dat S.p.A.

Opinion

We have audited the Three Years Consolidated Financial Statements for the years ended 31 December 2023, 2022 and 2022 of Sys-Dat Group (the Group), which comprise the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the Three Years Consolidated Financial Statements, including a summary of significant accounting policies (hereinafter, the "Three Years Consolidated Financial Statements").

In our opinion the Three Years Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31 December 2023, 2022 and 2021 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of 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 Three Years Consolidated Financial Statements* section of this report. We are independent of the Group 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.

Other Matters

The Three Years Consolidated Financial Statements were prepared by management in connection with the procedure for the admission to listing of ordinary shares of Sys-Dat S.p.A. on the Mercato Telematico Azionario managed and operated by Borsa Italiana S.p.A..

Responsibilities of management and those charged with governance for the Three Years Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Three Years Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and, within the limits of the law, for such internal control as management determines is necessary to enable the preparation of the Three Years Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Three Years Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842
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Auditor's Responsibilities for the Audit of the Three Years Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Three Years 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 these Three Years Consolidated Financial Statements.

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the Three Years Consolidated Financial Statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non 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;
- Obtain and 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;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern 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 Three Years 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;
- Evaluate the overall presentation, structure and content of the Three Years Consolidated Financial Statements, including the disclosures, and whether the Three Years Consolidated Financial Statements represent the underlying transactions in a manner that achieves fair presentation.

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

Milano, 26 March 2024

Signed by

BDO Italia S.p.A.
Paolo Beretta
Partner

Report on operations

Dear Shareholders,

The present SYS-DAT Report on operations on the years 2023, 2022 and 2021, is about SYS-DAT S.p.A. and its operating companies (altogether the "Company"), and must be read together with the balance sheet, income statement, shareholders' equity and cash flow statement which constitute the three-year consolidated financial statements file for the financial years ended 31 December 2023, 2022 and 2021 drawn up for inclusion in the Information Prospectus relating to the public offer for sale and subscription of the shares of SYS-DAT S.p.A. for listing on the electronic stock market organized and managed by Borsa Italiana S.p.A. (the "Three-Year Consolidated Financial Statements").

The Three-Year Consolidated Financial Statements has been drawn up for the first time in compliance with EU-IFRS. The financial statements that we submit for your approval close with a total profit of Euro 4.485 thousand, after accounting for tax income of Euro 2.307 thousand and depreciation and write-downs for a total of Euro 6.648 thousand.

The Management Report intends to provide information on the situation of the Company and on the performance of management as a whole and in the various divisions in which it operates, also through controlled companies and is drawn up in compliance with the provisions of the art. 2428 of the Civil Code.

Main risks and uncertainties to which SYS-DAT is exposed

The Company adopts specific procedures in managing risk factors to prevent risks related to the Company activities and aimed at maximizing value for its stakeholders. The main risks are described in the paragraphs below and additional details on financial risks are provided in the paragraph "Financial risks management" in the explanatory notes to the financial statements.

External risks

Risks relating to current macroeconomic conditions

Uncertainty on the Company's key markets, financial markets and general economic situation or geopolitical situation could affect the investments and financial position of the Company's customers, which could have an adverse effect on the Company's business operations, results of operations and financial position. In addition to uncertainty in the economy and financial markets, geopolitical uncertainty, the threat of trade wars and terrorism as well as other potential external disruptive factors could have a material effect on the growth prospects and availability of financing of the software markets.

Risks relating to trials, regulation and authority provisions

The Company collects and processes personal data and the leakage of such data or failure to process the data in accordance with applicable regulation may have a material adverse effect on the Company's business and reputation and result in claims for damages as well as fines and orders imposed by the authorities. Moreover, despite the Company has adopted a 231 Model, this does not by itself exclude the application of the sanctions provided for in Decree 231. If the Court concludes that the 231 Model adopted was not sufficient to prevent crimes, this could have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

Risks relating to ICT market

Intensifying competition in the Company's market could affect the Company ability to maintain or increase its market share, to improve the profitability of its operations or to retain current customers or acquire new customers, and therefore intensifying competition could have an adverse effect on the Company's net sales, profitability and market share. Changes in the competitive environment as well as the Company's potential failure to adapt to and manage such changes could have a material adverse effect on the Company's business operations, results of operations and financial position.

Risks associated with competition

The competitiveness of the Company's software solutions could weaken if the Company fails to meet the requirements arising from technological changes in the operational environment or in customer demand, and the weakening of competitiveness could have an adverse effect on the Company's business operations, results of operations and financial position. Moreover, the intensification of the level of competition is also linked to existing competitors expanding their market share and the possible entry of new entities in the sectors where the Company is operating.

Internal risks

Risks relating to the Company's business operations

The Company's business operations and financial position are partially dependent on the continuation of customer relationships as well as on the Company's success in the sale of software solutions, and loss of customers, failure in additional or cross-sales as well as potential decreases in the sales of the Company's software solutions could have a material adverse effect on the Company's business operations, results of operations and financial position.

Risks relating to loss of key personnel

The loss of key persons and skilled personnel could have an adverse effect on the Company's business operations and financial position, and the Company may not necessarily succeed in recruiting and retaining people with the required skill set. Even though the Company's management estimates that its business operations are not dependent on a single individual of its top management or skilled workforce, replacing key persons could prove challenging, particularly in the short term.

Risks relating to defects in the software solutions or negligence or abuses by the personnel

The software solutions offered by the Company could have defects or deficiencies that could cause disruptions to its customers. These disruptions could cause financial losses and reputational harm to the Company and its customers. Furthermore, negligence or abuses could occur when the Company's personnel, while performing their duties, have access to sensitive information such as customers' data system environments, business secrets, personal data and other confidential information.

Risks relating to key partnerships

The potential interruption in supply and/or these relationships or the expiry and non-renewal of contracts, as well as the Company's inability to promptly identify alternative suppliers capable of meeting the Company's needs, could result in difficulties in procuring the relevant components or services in sufficient quantities and on a timely basis to ensure the continuity of sales activities.

Risks relating to the IT systems and intellectual property rights

The Company's operations and software solutions largely rely on IT systems, and any malfunctions and breaches in such networks and solutions as well as potential failures in customer information system may adversely affect the reputation, operations and financial position of the Company. The Company's policy does not provide for intellectual property registration procedures, and despite implementing specific procedures, such as restricted access to source code and authentication, there can be no assurance that such measures will in practice be successful in preventing the loss of confidentiality or that the Company's employees or third parties will not disclose or engage in unauthorized use of the Company's know-how and secrets.

Risks relating to fail to find and/or integrate potential acquisition targets

The Company seeks to grow inorganically through selective acquisitions. For this reason, the implementation of the Company's growth strategy is partially dependent on the Company finding suitable targets for acquisition. However, there can be no assurance that the Company's potential future acquisitions can be carried out on favorable terms or that suitable target companies will be available. A potential failure to integrate target companies, such as a delay, loss of customers or unexpected increase in costs, or the implementation of an acquisition in a manner deviating from the Company's expectations could have an adverse effect on the Company's business operations and financial position.

As part of the Company's ongoing scouting activities to support inorganic growth, as of the Prospectus Date the Company has identified a number of potential target companies. Preliminary discussions are currently underway with several companies with a view to their possible acquisition by the Group.

In particular, some targets relate to businesses such as digital commerce solutions, business process management solutions, cyber and managed infrastructure services, solutions for Law firms and Business Intelligence. Those companies' revenue size ranges between Euro 1 million and Euro 6 million and the Company deems that a letter of intent for some of such potential acquisitions could be signed before the end of summer 2024 and, subject to the successful completion of due diligence activities and negotiations, some of such transactions could be completed by end of 2024.

Company performance and analysis of results for the 2023 financial year and previous years

The Company, established in 1977, represents a solid corporate reality with eleven owned companies and twenty offices in the Italian national territory. It operates in the ICT sector and its first solutions were tailor-made for specific processes such as warehouse management, administration, sales and supply chain management, operations that years later became what is currently known as ERP solutions. As a result of the experience in developing tailor-made solutions, the Company elaborated modular reusable solutions that evolved into software packages for the first two vertical markets, namely fashion and manufacturing.

Following, the Company expanded its offering in core processes, evolving its ERP and developing solutions for different business areas and processes such as Supply Chain Management, Warehouse Management Systems, Retail Channel Management, CRM, Sales Force Automation, e-Commerce, Business Intelligence and RFID, among others. In addition to the expansion of the offering, the Company, after the fashion and manufacturing industries, addressed additional market sectors with vertical solutions.

In the last three years, the Company focused on developing innovative applications and services based, among others, on Artificial Intelligence, Cloud, Cybersecurity and Virtual solutions. Currently the Company offers core business software solutions and value added software solutions vertically specialized by market sector and ICT services that are cross market.

The Company headquarter is based in Milan and as of 31 December 2023 the employees were 428 across twelve operating companies and twenty offices in the Italian national territory. The Company operates with a network structure made up of twelve companies specialised in the field of processes, applications and technologies, constituting excellence in their respective fields of expertise and in particular:

- Sys-Dat: ERP, CRM, Retail and Cloud services
- Logic One: Digital commerce and digital marketing
- Modasystem: Fashion
- BTW: Manufacturing and System integration
- Nekte: Legal, Foundries and manufacturing
- Cast: Tiles, Banking, Business Process Management and GDPR
- Sys-Dat Verona: Fashion, Retail and Cybersecurity
- Humatics: Artificial Intelligence
- Emmedata: Footwear
- VCube: Cybersecurity and Networking
- Trizeta: Industry 4.0 and industrial processes automation
- SiSolution: Manufacturing, Textile and Managed Services

The Company is experiencing a significant growth, in terms of Revenue, EBITDA and Net Income.

Revenue CAGR was of 26% from 2021 to 2023, from Euro 29.150 thousand in total revenues at 31 December 2021 up to Euro 46.468 thousand at 31 December 2023.

EBITDA CAGR was of 25% from 2021 to 2023, from Euro 5.955 thousand in total revenues at 31 December 2021 up to Euro 9.300 thousand at 31 December 2023.

Net Income CAGR was of 8% from 2021 to 2023, from Euro 3.622 thousand in total revenues at 31 December 2021 up to Euro 4.242 thousand at 31 December 2023.

The financial KPIs are positively impacted by the Company's proprietary software solutions that drive high marginality and by its significant portion of the recurring and repeated revenues that boost the future years' growth.

Moreover, the vertically specialized offering and the diversified and loyal customer base with high cross-selling and up-selling potential drive to competitive advantage and de-risking.

With reference to its offering stack made of three layers: Core business software solutions, Value added software solutions and ICT Services, in the following table it is shown the classification of revenues in the aforementioned categories.

Euro thousand	**2023**	**%**	**2022**	**%**	**2021**	**%**
Core business software solutions	33.318	71%	27.200	72%	21.683	74%
Value added software solutions	4.576	10%	3.453	9%	2.140	7%
ICT Services	8.372	18%	7.108	19%	4.977	17%
Other revenues	202	1%	234	1%	349	1%
Total revenues	**46.468**	**100%**	**37.995**	**100%**	**29.150**	**100%**

2023 vs 2022

Operating revenues of €46.266 thousand for the 2023 financial year increased by 23% compared to the previous financial year, EBITDA of €9.300 thousand for the 2023 financial year increased by 18% compared to the previous financial year, and Net Income of €4.242 thousand for the 2023 financial year increased by 15% compared to the previous financial year.

The above three key performance indicators growth in 2023 are influenced by an organic growth of 15% in Revenue, 13% in EBITDA and in 15% in Net Income, while the difference is driven by the four acquisitions that were completed during the year.

2022 vs 2021

Operating revenues of € 37.761 thousand for the 2022 financial year increased by 30% compared to the previous financial year, EBITDA of € 7.914 thousand for the 2022 financial year increased by 33% compared to the previous financial year, and Net Income of € 3.689 thousand for the 2022 financial year increased by 2% compared to the previous financial year.

The above three key performance indicators growth in 2022 are influenced by an organic growth of 16% in Revenue, 18% in EBITDA and in -5% in Net Income, while the difference is driven by the acquisition that was completed during the year.

Below are the tables, reclassified according to current financial analysis practice, of the economic, equity and financial data referring to the 2023 financial year, compared with previous financial years.

Analysis of reclassified economic data

Euro thousand	**31-Dec-23**	**%**	**31-Dec-22**	**%**	**31-Dec-21**	**%**
Operating Revenue	46.266	100%	37.761	99%	28.801	99%
Other Operating Revenue	202	0%	234	1%	349	1%
Total Revenue	**46.468**	**100%**	**37.995**	**100%**	**29.150**	**100%**
Purchasing cost	2.249	5%	2.370	6%	2.627	9%
Services cost	15.534	33%	13.062	34%	9.975	34%
Personnel	18.980	41%	14.295	38%	10.347	35%
Other operating cost	405	1%	354	1%	245	1%
Total operating cost	**37.167**	**80%**	**30.081**	**79%**	**23.195**	**80%**
EBITDA	**9.300**	**20%**	**7.914**	**21%**	**5.955**	**20%**
Amortisations and Depreciations	2.569	6%	1.646	4%	1.013	3%
Provisions and writedowns	263	1%	674	2%	-11	0%
EBIT	**6.469**	**14%**	**5.594**	**15%**	**4.953**	**17%**
Financial income	159	0%	5	0%	55	0%
Financial expenses	-85	0%	-308	-1%	-137	0%
Income before taxes	**6.543**	**14%**	**5.290**	**14%**	**4.871**	**17%**
Income taxes	2.301	5%	1.599	4%	1.250	4%
Net Income (A)	**4.242**	**9%**	**3.691**	**10%**	**3.622**	**12%**

The 2023 economic results of the operations are as follows: total revenues of Euro 46.468 thousand (Euro 37.995 thousand in 2022, Euro 29.150 thousand in 2021); EBITDA equal to Euro 9.300 thousand (Euro 7.914 thousand in 2022, Euro 5.955 thousand in 2021); EBIT equal to Euro 6.469 thousand (Euro 5.594 thousand in 2022, Euro 4.953 thousand in 2021); Net Income equal to Euro 4.242 thousand (Euro 3.691 thousand in 2022, Euro 3.622 thousand in 2021).

Analysis of reclassified balance sheet data

Euro thousand	**31-Dec-23**	**31-Dec-22**	**31-Dec-21**
Trade receivables	16.015	12.415	7.757
Activities for work in progress	1.699	336	187
Inventories	194	91	86
Trade payables (excluding non-current portion)	(4.543)	(3.710)	(2.783)
Advance payments on work in progress	(1.783)	(695)	(410)
Commercial net working capital	**11.583**	**8.436**	**4.838**
Other current activities	2.340	1.383	2.315
Tax debts	(2.092)	(1.607)	(1.898)
Other current liabilities	(8.696)	(6.402)	(3.835)
Net working capital	**3.135**	**1.811**	**1.419**
Tangible assets	788	545	467
Right of use	3.995	4.945	3.941
Goodwill	8.954	5.779	4.002
Other Intangible assets	7.384	3.907	1.686
Equity participations	0	0	134
Deferred taxes assets	615	647	564
Other non current assets	88	87	51
Employee benefit	(6.662)	(5.432)	(4.778)
Provisions	(330)	(243)	(556)
Deferred Tax liabilities	(1.794)	(1.143)	(377)
Other non current liabilities	0	0	0

Net fixed capital	**13.038**	**9.091**	**5.134**
Net invested capital	**16.173**	**10.902**	**6.553**
Net financial indebtness	(3.115)	(5.061)	(6.154)
Net assets	19.288	15.964	12.707
Total Net assets and net financial debt	**16.173**	**10.902**	**6.553**

The net fixed capital at 31 December 2023 shows an increase of Euro 3.947 thousand, compared to the decrease recorded in deferred tax assets equal to Euro 31 thousand, the increase in tangible and intangible assets equal to Euro 5.945 thousand and the increase in the provision for employee benefits equal to Euro 1.229 thousand.

The balance of Net working capital at 31 December 2023 was equal to Euro 3.135 thousand, an increase compared to the previous period by Euro 1.324 thousand (Euro 1.811 thousand at 31 December 2022); the increase recorded is mainly attributable to the increase in the Commercial net working capital, which increased by Euro 3.147 thousand compared to the previous period and to the increase in the Other current activities, which increased by Euro 957 thousand compared to the previous period mainly driven by prepaid commercial and IPO expenses.

Net equity at 31 December 2023 increased due to the result for the period.

To understand the changes that occurred in net financial debt, please refer to the following paragraph.

Analysis of net financial debt and net financial position

The evolution of net financial debt and net financial position is shown below.

Euro thousand	31-Dec-23	31-Dec-22	31-Dec-21	2023 vs 2022		2022 vs 2021	
A. Cash	14.437	13.867	15.753	570	4,1%	-1.886	-12%
B. Cash equivalents	0	0	0	0	0,0%	0	0%
C. Other current financial assets	4.633	4.291	2.164	343	8,0%	2.127	0%
D. Liquidity (A)+ (B) + (C)	**19.070**	**18.158**	**17.917**	912	5,0%	241	1%
E. Current financial debt	-15	-14	-8	0	3,1%	-6	68%
F. Current portion of non-current financial debt	-4.895	-3.317	-2.636	-1.578	47,6%	-682	26%
G. Current financial debt (E) + (F)	**-4.910**	**-3.331**	**-2.644**	-1.579	47,4%	-687	26%
H. Net current financial debt (D) + (G)	**14.160**	**14.827**	**15.273**	-667	-4,5%	-446	-3%
I. Non current financial debt (excluding current portion and debt instruments)	-1.620	-2.309	-3.065	689	-29,8%	756	-25%
J. Debt instruments	0	0	0	0	0,0%	0	0%
K. Other non-current financial debt	-9.425	-7.457	-6.055	-1.968	26,4%	-1.402	0%
L. Non current financial debt (I) + (J) + (K)	**-11.045**	**-9.766**	**-9.120**	-1.279	13,1%	-646	7%
M. Net Financial Position (H) + (L)	**3.115**	**5.061**	**6.153**	-1.946	-38,5%	-1.092	-18%

The Company has net financial debt of Euro 3.115 thousand, Euro 5.061 thousand and Euro 6.153 thousand, respectively at 31 December 2023, 2022 and 2021.

The decrease in net financial debt at 31 December 2023 compared to 31 December 2022, equal to a total of Euro 1.946 thousand, is mainly due to the combined effect deriving from the increase of Liquidity of Euro 912 thousand and the increase of Non-current financial debt of Euro 1.279 thousand.

The Company does not have any financing contracts in place that require compliance with financial parameters.

Reclassified financial statement

Below is the reclassified financial statement for the Three-Year Period 2023 – 2021.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Net Income	**4.242**	**3.691**	**3.622**
Taxes	2.301	1.599	1.250
Net interest expense	85	158	159
Losses (capital gains) from the sale of fixed assets	0	-	- 38
Dividends	- 18	- 5	-
Depreciation	2.569	1.646	1.013
Devaluations / revaluations / changes in fair value	123	824	- 37
Change in provisions for risks and charges	55	- 242	38
Change in employee benefits for severance pay (TFR)	515	265	237
Other corrections	56	47	- 56
Other variations	816	1.047	303
Funding from operations	**9.928**	**7.983**	**6.188**

Change in inventories	- 1.313	- 129	- 217
Change in trade receivables	- 1.168	- 4.440	- 30
Change in trade payables	260	765	- 613
Change in other assets and liabilities	1.465	3.547	998
Taxes paid	- 1.876	- 2.066	- 775
Operating Cash Flow	**7.296**	**5.661**	**5.551**
Investments in intangible assets	- 2.173	- 1.720	- 1.014
Investments in tangible assets	- 136	- 120	- 342
Equity investments	-	-	- 117
Disinvestments of fixed assets	30	-	84
Dividends collected	18	5	-
Interest income collected	108	25	3
Change in other financial assets	393	- 2.108	- 579
Change in other financial assets	519	- 2.078	- 576
Investment activities Cash Flow	**- 1.761**	**- 3.918**	**- 1.964**
Repayment of loans	- 1.544	- 1.461	- 253
Interest paid	- 278	- 173	- 163
Distribution of dividends	- 660	- 660	- 666
Other financing	- 3	6	3.586
Financial activities Cash Flow	**- 2.485**	**- 2.288**	**2.504**
Total cash flows	**3.051**	**- 546**	**6.090**

Cash and cash equivalent at the beginning of the period	**13.867**	**15.753**	**11.374**
Total cash flows	3.051	- 546	6.090
Liquidity acquired (transferred) from changes in the consolidation area	- 2.480	- 1.341	- 1.711
Cash and cash equivalent at the end of the period	**14.437**	**13.867**	**15.753**

During the financial year ended 31 December 2023, operating activity generated more liquidity than in the financial year ended 31 December 2022 for Euro 3.051 thousand, mainly due to the increase in EBITDA (Euro 9.300 thousand as of 31 December 2023 vs 7.914 thousand at 31 December 2022).

During the financial year ended 31 December 2023, investment activities absorbed less liquidity than in the financial year ended 31 December 2022 for Euro 1.761 thousand, mainly due to the decrease in Change in other financial assets (Euro 519 thousand as of 31 December 2023 vs -2.078 thousand at 31 December 2022) partially offset by the increase of the Investments in intangible assets (Euro -2.173 thousand as of 31 December 2023 vs -1.740 thousand at 31 December 2022).

During the financial year ended 31 December 2023, financial activities absorbed a similar liquidity than in the financial year ended 31 December 2022 for Euro 2.485 thousand.

During the financial year ended 31 December 2023, liquidity acquired from changes in the consolidation area was higher than in the financial year ended 31 December 2022 for Euro 1.160 thousand (Euro 2.480 thousand as of 31 December 2023 vs 1.321 thousand at 31 December 2022).

At 31 December 2023 the Company therefore generated a free cash flow of Euro 570 thousand, higher than the previous year by Euro 2.456 thousand.

Investments.

Investments relating to tangible fixed assets in the 2023 financial year, equal to Euro 788 thousand, mainly concerned the purchase of hardware for internal activities.

Investments relating to tangible fixed assets in the 2022 financial year, equal to Euro 545 thousand, mainly concerned the purchase of hardware for internal activities.

Investments relating to tangible fixed assets in the 2021 financial year, equal to Euro 467 thousand, mainly concerned the purchase of hardware for internal activities.

Research and development activities.

In 2023, 2022 and 2021 the Company continued its intense research and development activity. All costs incurred were capitalised respectively in each financial year.

The research and development activity in the year 2023 was mainly focused on five application areas: ERP, Add-on SAP, CRM, Retail and Other as detailed in the table below:

2023 R&D total number of days	ERP	Add-on SAP	CRM	Retail	Other
7.860	4.872	1.013	467	907	601

The total R&D cost in 2023 was Euro 2.047 thousand.

Below the most notable projects for each product family:

- ERP: Next Recorder system documentation and integrated tutorial, Unified reporting tool and Quality control for controllers in the factory
- Add-on SAP: Porting on HANA, add on to integrate different couriers online payment management, Doctor availability management and Dynamic pricing of bookings
- CRM: BUDGET to manage the commercial budget, TAGS to manage grafics in the product catalogue, STAGIONI to manage the different fasion season and DRAG&DROP to manage the catalogue personalisation
- RETAIL: Suite One CRM Retail integration with MailUp, R1Engine consolidated services, App Card /App Basket and App Stock and Retail French Certification NF 525
- Other projects mainly referring to the development of AI software applications such as Reader and Whisperer.

The research and development activity in the year 2022 was mainly focused on five application areas: ERP, Add-on SAP, CRM, Retail and Other as detailed in the table below.

2022 R&D total number of days	ERP	Add-on SAP	CRM	Retail	Other
6.321	3.705	883	452	760	520

The total R&D cost in 2022 was Euro 1.709 thousand.

Below the most notable projects for each product family:

- ERP: Chatbot GP3 integration, Image classification with Google Vision & HS Vision and customer documents, shipment, production, returns and traveling goods
- Add-on SAP: Integration CRM Sugar and SAP platform, Voucher management and Fast check-in
- CRM: Upgrade to .net core 6, MARKETING to enable multimedia content publishing, GIACENZA to manage order campaign based on supplier order limit and AGENDA AI to manage the integration of an agenda based on AI functionalities
- RETAIL: HUB management to serve the shops and Order and return management
- Other projects mainly referring to the enhancements of AI software applications such as Vision, Forecasting and Recommend.

The research and development activity in the year 2021 was mainly focused on five application areas: ERP, Add-on SAP, CRM, Retail and Other as detailed in the table below.

2021 R&D total number of days	ERP	Add-on SAP	CRM	Retail	Other
3.624	2.269	668	24	565	98

The total R&D cost in 2021 was Euro 831 thousand.

Below the most notable projects for each product family:

- ERP: Web portal timesheet infrastructure, new application for warehouse, development framework managed with Nuget packets and Warehouse and purchasing of finished product and raw materials
- Add-on SAP: Sign consents on Wacom tablet and customer blacklist management
- CRM: Docusign integration to manage partners signature, STOCK to manage warehouse, management of end-of-series items and LISTINI DISTRIBUTORE to manage the distribution partners
- RETAIL: Loyalty promotion management, App Card, App Basket and App Stock and R1Engine to activate sharing services on Retail cart (Shopifypos)
- Other projects mainly referring to the software development for the law firms.

Outlook on operations

The significant growth in the Three-Year Period 2021-2023, from both a revenue and margin point of view, was based on a series of elements that can be summarized as:

- Cross-selling, that drove an enriched offering thanks to new solutions coming from the acquired companies and from R&D activities
- The evolution of the software sales proposal from “On Premise” to “Software as a Service”

- The increase in recurring Cloud fees, coming from more and more customers and solutions managed in Outsourcing, and recurring maintenance fees
- The identification of software proposals that had tangible benefits through the enablement of new business models (e.g. Virtual Showroom, Omnichannel)
- The acquisition of new medium-large customers

The Group's focus in the next years will be on strengthening the offering and its operations, acquiring additional companies and developing a better position from the ESG perspective.

The offering will be strengthened through the identification and development of new complementary solutions for vertical markets. The new solutions will come up as a result of the R&D activity, as every year the Group invests approximately 4% of revenue on R&D activities. In the next years, R&D activities will be oriented towards the following areas:

- "Software as a service" technology in public-cloud offering (multi-tenant), with highly configurable standard solutions requiring a low level of customization
- The creation of a middleware that will simplify the interconnection between the different solutions proposed by the Group
- The creation of a Group development framework to facilitate implementations and know-how transfer

Moreover, from the operational point of view, the structure will grow accordingly with the business growth, the Group will continue to consolidate and expand its relationships with Universities and Vendor Partners (SAP, Microsoft, ..), focus on maximizing customer satisfaction and keep attracting additional young future talents.

The M&A activity will continue, driven by the two three principles:

- Companies with specific vertical proprietary solutions, well known on their markets and generating income and cash flow
- Companies with presence in new markets that will increase our market presence and potential
- Companies with valuable vertical offers in markets where the Group is already present and that will enrich our offering

The Company started a three year ESG plan in order to address three areas:

- Environmental, where the Group will be focused on Green coding, Green offering**,** Processes digitalization and Energy consumption reduction to minimize the energy involved in processing lines of code, to enable our customers to pursue environmental choices and to reduce natural resources waste
- Social, where the Group will be focused on increasing managerial positions for women, maintain the gender equality certification obtained on January 2024, maximise the workplace safety, the customer and employee satisfaction also leveraging on welfare plans
- Governance, where the Group will be focused on strengthening the Model 231, the ESG criteria on suppliers**,** achieve a Board mix men / women that enhances board diversity and to improve leadership in the company represented by women

There were no Significant Unusual Transactions in the period 2021-2023 given that the M&A activity is part of the Company strategy. In particular there were 8 acquisitions in the period and particularly:

- 2021, acquisition of Humatics, a company specialized in A.I. and based in Verona, Attua, a company specialized in cybersecurity and based in Verona and OS2, a company specialized in digital marketing and based in Palermo. More specifically, 100% of Attua was acquired and merged by SYS-DAT Verona, while Logic One acquired and merged a company branch of OS2.
- 2022, SYS-DAT S.p.A. acquired 100% of Emmedata, a company specialized in solutions for the shoe market and based in Civitanova Marche (MC).
- 2023, acquisition of Equalis, a company with solutions specialized for the legal market and based in Milano, that was acquired and merged by Nekte, acquisition of V-cube, a company specialized in cybersecurity and based in Reggio Emilia, acquisition of Trizeta, a company with solutions specialized for the industrial and manufacturing market and based in Monselice (PD) and acquisition of Sisolution, a company with solutions specialized for the textile and manufacturing market and based in San Macario di Samarate (VA)

Despite the overall economic uncertainty the operations are continuing to proceed regularly and based on the evidence currently available, it is believed that the company will not suffer a significant impact from the transformations taking place in our society.

Relationships with controlled and parent companies

With regard to relationships between the Company and its subsidiaries, all controlled companies are subject to direction and coordination of SYS-DAT S.p.A. as per art. 2497 – bis of the Civil Code.

The CEO

Three-Year Consolidated Financial Statements
for the years ended 31 December 2023, 2022 and 2021

1. THREE YEARS FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021

Statement of Financial Position

(Euro)		31st December			1st January
	Notes	**2023**	**2022**	**2021**	**2021**
ASSETS					
Non current assets					
Intangible assets	6.1	16.338.121	9.686.104	5.687.977	4.317.064
RoU assets	6.2	3.994.658	4.944.555	3.941.207	4.234.215
Tangible assets	6.3	788.073	545.310	467.413	255.766
Equity investments and other non current assets	6.4	87.617	86.786	185.015	103.017
Deferred tax assets	6.5	615.481	646.555	564.050	534.527
Total non current assets		**21.823.949**	**15.909.310**	**10.845.662**	**9.444.590**
Current assets					
Inventories	6.6	194.184	90.796	86.392	56.182
Trade receivables	6.7	16.015.464	12.414.550	7.757.201	7.727.415
Activities for work in progress on order	6.8	1.699.430	335.843	186.679	-
Other receivables and current assets	6.9	2.340.020	1.383.072	2.314.582	1.729.390
Current financial assets	6.9	4.633.409	4.290.670	2.163.992	1.562.380
Cash and cash equivalent	6.10	14.437.097	13.866.857	15.753.026	11.373.927
Total current assets		**39.319.605**	**32.381.788**	**28.261.872**	**22.449.294**
TOTAL ASSETS		**61.143.554**	**48.291.099**	**39.107.534**	**31.893.884**
NET EQUITY AND LIABILITIES					
Share Capital	6.11	1.015.000	1.015.000	1.015.000	1.015.000
Other reserves	6.11	14.031.571	11.257.698	8.069.885	8.633.237
Net result	6.11	4.241.739	3.690.803	3.621.906	2.265.387
Total equity		**19.288.310**	**15.963.500**	**12.706.791**	**11.913.624**
Non current liabilities					
Non current financial liabilities	6.12	11.024.509	9.615.497	8.992.051	5.483.709
Deferred taxes liabilities	6.5	1.793.642	1.142.703	376.637	788
Employee benefits	6.13	6.661.793	5.432.389	4.778.490	4.230.156
Provisions	6.14	330.346	242.846	556.497	595.382
Total non current liabilities		**19.810.289**	**16.433.434**	**14.703.675**	**10.310.036**
Current liabilities					
Current financial liabilities	6.12	4.909.934	3.331.258	2.644.035	1.785.466
Trade payables	6.15	4.564.410	3.859.962	2.909.606	3.537.474
Advance payments on work in progress	6.8	1.783.180	694.589	409.667	-
Current tax debts	6.16	2.091.846	1.606.640	1.898.363	1.166.133
Other current debts and liabilities	6.17	8.695.585	6.401.716	3.835.397	3.181.152
Total current liabilities		**22.044.955**	**15.894.164**	**11.697.068**	**9.670.225**
TOTAL LIABILITIES AND EQUITY		**61.143.554**	**48.291.099**	**39.107.534**	**31.893.884**

Income Statement

(Euro)		31st December		
	Notes	**2023**	**2022**	**2021**
Operating Revenues	7.1	46.265.809	37.760.967	28.800.859
Other Revenues	7.2	201.929	234.070	349.082
Total Revenue		**46.467.738**	**37.995.037**	**29.149.941**
Purchasing cost	7.3	2.754.127	2.514.547	2.778.126
Changes in inventories	7.3	-505.063	-144.572	-150.868
Service cost	7.4	15.533.500	13.062.065	9.978.204
Personnel	7.5	18.979.953	14.294.995	10.346.894
Other operating cost	7.6	404.867	354.101	245.341
Total operating cost		**37.167.383**	**30.081.135**	**23.197.696**
EBITDA		**9.300.355**	**7.913.901**	**5.952.245**
Amortisations and depreciations	7.7	2.568.943	1.646.315	1.013.373
Provisions and writedowns	7.8	262.590	674.036	-14.565
EBIT		**6.468.822**	**5.593.551**	**4.953.437**
Income (expenses) from equity investments	7.9	17.706	4.679	37.546
Other financial income (expenses)	7.9	-84.831	-158.248	-158.876
Value adjustments to financial assets and liabilities	7.9	141.399	-149.931	22.270
Share of results from investments valued using the equity method	7.9	-	-	17.105
Income before taxes		**6.543.096**	**5.290.051**	**4.871.482**
Income taxes	7.10	2.301.356	1.599.248	1.249.577
Net Income		**4.241.739**	**3.690.803**	**3.621.906**

Comprehensive Income Statement

(Euro)		31st December		
	Notes	**2023**	**2022**	**2021**
Net Income		4.241.739	3.690.803	3.621.906
Other comprehensive Income//(losses) that will be re-classified as Income/(losses):	6.11	-	-	-
Fiscal impact		-	-	-
Total		**-**	**-**	**-**
Other comprehensive Income//(losses) that will not be re-classified as Income/(losses):				
Actualised Income/(losses) from IAS 19 defined benefits	6.13	- 103.757	534.130	- 244.007
Fiscal impact		24.902	- 128.191	58.562
Total		**- 78.856**	**405.939**	**- 185.445**
Comprehensive Net Income		**4.162.884**	**4.096.742**	**3.436.460**

Statement of changes in shareholders' equity

(Euro)	Share Capital	Share premium reserves	Legal reserves	OCI - IAS 19 reserves	IFRS 2 warrant reserves	FTA reserves	Other reserves	Undivided profit reserves	Retained profits and losses	Profit (loss) for the year	Total net assets of the parent company	Third party capital and reserves	Profit (loss) of third parties	Total third-party net assets	Totale equity
		Reserves													
1st January 2021	**1.015.000**	**60.000**	**203.001**	**0**	**0**	**543.619**	**600.000**	**556.469**	**5.385.919**	**2.080.144**	**10.444.152**	**1.284.229**	**185.243**	**1.469.472**	**11.913.624**
Allocation of profit from the previous financial year to the parent company	-	-	-	-	-	-	-	-	936.165	-1.595.915	-659.750	-	-	-	-659.750
Allocation of profit from the previous financial year to subsidiaries	-	-	-	-	-	-	-	484.229	-	-484.229	-	185.243	-185.243	-	-
Signing of warrant contracts	-	-	-	-	-	-	178.000	-	-	-	178.000	-	-	-	178.000
Distribution of subsidiary dividends	-	-	-	-	-	-	-	-	-	-	-	-6.000	-	-6.000	-6.000
Change in consolidation area - controlled entities	-	-	-	-	-	-	-	-875.502	-	-	-875.502	-1.308.452	-	-1.308.452	-2.183.954
Warrant fair value adjustment	-	-	-	-	28.402	-	-	-	-	-	28.402	-	-	-	28.402
Roundings	-	-	1	-	-	-	6	0	1	-	9	0	-	0	9
Total Profit (loss) for the financial year	-	-	-	-184.535	-	-	-	-	-	3.595.440	3.410.906	-911	26.465	25.554	3.436.460
31st December 2021	**1.015.000**	**60.000**	**203.002**	**-184.535**	**28.402**	**543.619**	**778.006**	**165.196**	**6.322.085**	**3.595.440**	**12.526.216**	**154.109**	**26.465**	**180.575**	**12.706.791**
Allocation of profit from the previous financial year to the parent company	-	-	-	-	-	-	-	-	475.692	-1.135.442	-659.750	-	-	-	-659.750
Allocation of profit from the previous financial year to subsidiaries	-	-	-	-	-	-	-	2.459.998	-	-2.459.998	-	26.465	-26.465	-	-
Change in consolidation area - controlled entities	-	-	-	-	-	-	-	-202.965	-	-	-202.965	-33.050	-	-33.050	-236.015
Warrant fair value adjustment	-	-	-	-	55.735	-	-	-	-	-	55.735	-	-	-	55.735
Roundings	-	-	-3	-	-	-0	0	1	-0	-	-2	-0	-	-0	-2
Total Profit (loss) for the financial year	-	-	-	406.107	-	-	-	-	-	3.676.628	4.082.735	-168	14.175	14.006	4.096.742
31st December 2022	**1.015.000**	**60.000**	**203.000**	**221.573**	**84.136**	**543.619**	**778.006**	**2.422.230**	**6.797.777**	**3.676.628**	**15.801.969**	**147.356**	**14.175**	**161.531**	**15.963.500**
Allocation of profit from the previous financial year to the parent company	-	-	-	-	-	-	-	-	226.902	-886.652	-659.750	-	-	-	-659.750
Allocation of profit from the previous financial year to subsidiaries	-	-	-	-	-	-	-	2.789.976	-	-2.789.976	-	14.175	-14.175	-	-
Change in consolidation area - controlled entities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33.000**	**-267.059**	**-**	**-234.059**	**-**	**-**	**-**	**-234.059**
Warrant fair value adjustment	**-**	**-**	**-**	**-**	**55.735**	**-**	**-**	**-**	**-**	**-**	**55.735**	**-**	**-**	**-**	**55.735**
Roundings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0**	**0**	**-**	**-0**	**0**	**-**	**0**	**0**
Total Profit (loss) for the financial year	-	-	-	**-78.850**	-	-	-	-	-	**4.232.371**	**4.153.520**	**-5**	**9.369**	**9.364**	**4.162.884**
31st December 2023	**1.015.000**	**60.000**	**203.000**	**142.722**	**139.871**	**543.619**	**778.006**	**5.245.206**	**6.757.620**	**4.232.371**	**19.117.415**	**161.526**	**9.369**	**170.895**	**19.288.310**

Financial statement

(Euro)		31st December		
	Notes	**2023**	**2022**	**2021**
Net Income		**4.241.739**	**3.690.803**	**3.621.906**
Taxes	7.10	2.301.356	1.599.248	1.249.577
Depreciation	7.7	2.568.943	1.646.315	1.013.373
Devaluations / revaluations / changes in fair value		123.441	823.967	- 36.835
Change in employee benefits for severance pay (TFR)	6.13	514.987	264.835	237.280
Other variations		177.681	- 42.189	102.687
Funding from operations		**9.928.147**	**7.982.978**	**6.187.988**
Change in inventories	6.6	- 1.313.126	- 128.806	- 216.889
Change in trade receivables	6.7	- 1.167.568	- 4.440.356	- 29.786
Change in trade payables	6.15	259.992	765.271	- 613.303
Change in other assets and liabilities		1.464.511	3.547.466	998.211
Taxes paid		- 1.876.236	- 2.065.727	- 775.495
Operating Cash Flow		**7.295.720**	**5.660.827**	**5.550.726**
Investments in intangible assets	6.1	- 2.173.441	- 1.720.159	- 1.013.832
Investments in tangible assets	6.3	- 135.792	- 120.429	- 341.606
Equity investments	6.4	-	-	- 117.000
Disinvestments of fixed assets		30.000	-	84.133
Dividends and interest collected		125.786	30.160	3.233
Change in other financial assets		392.872	- 2.107.907	- 579.341
Investment activities Cash Flow		**- 1.760.575**	**- 3.918.335**	**- 1.964.413**
Change in short-term financial debts		- 2.755	5.714	- 192.263
Opening of new financing		-	-	3.600.000
Repayment of loans		- 1.543.686	- 1.461.267	- 252.808
Interest paid		- 278.416	- 172.728	- 163.340
Paid capital increase		-	-	178.000
Distribution of dividends		- 659.750	- 659.750	- 665.750
Financial activities Cash Flow		**- 2.484.607**	**- 2.288.032**	**2.503.838**
Total cash flows		**3.050.539**	**- 545.539**	**6.090.151**
Cash and cash equivalent at the beginning of the period		**13.866.857**	**15.753.026**	**11.373.927**
Liquidity acquired (transferred) from changes in the consolidation area		- 2.480.298	- 1.340.630	- 1.711.052
Total change in Cash and cash equivalent		3.050.539	- 545.539	6.090.151
Cash and cash equivalent at the end of the period		**14.437.097**	**13.866.857**	**15.753.026**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

1. General information

1.1 Introduction

SYS-DAT S.p.A. is a company incorporated and domiciled in Italy, with registered office in Milano (MI), Via Muzio Attendolo detto Sforza 7/9, organized according to the law of the Italian Republic.

SYS-DAT is operating in the ICT market in Italy for the corporate world, from micro-enterprises to large multinationals, and is rooted in many years of experience developed in the market of IT solutions for the main industrial segments and services typical of Made in Italy.

SYS-DAT offers IT solutions for all of its clients' mission critical processes.

2. Summary of accounting principles adopted

2.1 Preparation basis

The Company has made use of the option provided for by Legislative Decree 28 February 2005, n. 38, as subsequently amended, which regulates the exercise of the options provided for by article 5 of European Regulation no. 1606/2002 regarding international accounting standards, and has voluntarily adopted the *International Financial Reporting Standards*, issued by the *International Accounting Standards Board*, and adopted by the European Union (the "**International Accounting Standards**") for the preparation of its financial statements three-year financial year for the years ended December 31, 2023, 2022 and 2021.

It should be noted that this three-years financial statements for the years ended 31 December 2023, 2022 and 2021 (hereinafter the "**Three-Year Consolidated Financial Statements**") was prepared by the Company on a voluntary basis in accordance with the International Accounting Standards (hereinafter also "**EU-IFRS**"), as part of the process of listing the Company's shares on Euronext Milan organized and managed by Borsa Italiana S.p.A., for the purposes of its inclusion in the Offer Prospectus since, previously, the Company prepared its financial statements in accordance with the regulations applicable in Italy and the accounting principles issued by the National Council of Chartered Accountants and Experts Accounting Standards, modified by the Italian Accounting Body (the "**Italian Accounting Principles**"). It was therefore necessary to carry out a transition process from these accounting standards to EU-IFRS in compliance with the provisions of IFRS 1 – First Adoption of International Financial Reporting Standards; to this end, 1 January 2021 ("**Transition Date**") has been identified as the transition date to the EU-IFRS. The information relating to the transition process required by IFRS 1 is reported in note 15 "First-time application of EU-IFRS". It should be noted that the Company's Shareholders meeting approved the financial statements closed on 31 December 2023 on 21 March 2024, the financial statements closed on 31 December 2022 on 04 May 2023 and the financial statements closed on December 31, 2021 on 29 June 2022; the 2023, 2022 and 2021 financial statements were audited by the auditing firm BDO Italia S.p.A..

Below are the main accounting criteria and principles applied in the preparation of the Three-Years Consolidated Financial Statements.

2.2 Declaration of compliance with international accounting standards

The Three-Year Consolidated Financial Statement drawn up in accordance with the International Accounting Principles approved by European Commission and in force on 31 December 2023. EU-IFRS means all the "*International Financial Reporting Standards*", all the "*International Accounting Standards*" (IAS) and all the interpretations of the "*International Financial Reporting Interpretations Committee*" (IFRIC), previously called the "*Standing Interpretations Committee*" (SIC).

2.3 General drafting principles

The Three-Year Consolidated Financial Statement is made up of the mandatory accounting statements required by IAS 1, namely the statement of financial position, the income statement, the comprehensive income statement, the statement of changes in equity and the cash flow statement, as well as the explanatory notes and is accompanied by the Directors' report on management performance.

The Company has chosen to represent the income statement by nature of expense, while the assets and liabilities of the equity and financial situation are divided into current and non-current. The financial statement is prepared according to the indirect method. The schemes used are those that best represent the economic, equity and financial situation of the Company.

An asset is classified as current when:

- it is assumed that this asset is carried out, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held primarily for the purpose of trading;
- it is assumed that it will be achieved within twelve months of the closing date of the financial year;
- consists of cash or cash equivalents (unless it is prohibited to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year).

All other assets are classified as non-current. In particular, IAS 1 includes tangible assets, intangible assets and financial assets of a long-term nature among non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the normal operating cycle;
- it is held primarily for the purpose of trading;
- will be settled within twelve months of the closing date of the financial year;
- there is no unconditional right to defer its settlement for at least twelve months from the closing date of the financial year. The clauses of a liability which could, at the choice of the counterparty, give rise to its extinction through the issue of equity instruments, do not affect its classification.

All other liabilities are classified by the company as non-current.

The operating cycle is the time between the acquisition of goods for the production process and their realization in cash or equivalent means. When the normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The Three-Year Consolidated Financial Statement was drawn up in Euro, the Company's functional currency. The financial, equity and economic situations, the informative notes and the illustrative tables are expressed in Euros, unless otherwise indicated.

The Three-Year Consolidated Financial Statement has been prepared:

- based on the best knowledge of EU-IFRS and taking into account the best doctrine on the subject; any future guidelines and interpretative updates will be reflected in subsequent years, according to the methods provided from time to time by the reference accounting standards;
- in the perspective of the continuity of the company activity, according to the principle of accrual accounting, in compliance with the principle of relevance and significance of information, the prevalence of substance over form and with a view to promoting consistency with future presentations. Assets and liabilities, costs and revenues are not offset against each other, unless this is permitted or required by International Accounting Principles;
- on the basis of the conventional historical cost criterion, except for the measurement of financial assets and liabilities in cases where the application of the fair value criterion is mandatory, and for the financial statements of companies operating in economies subject to hyperinflation, drawn up based on the current cost criterion.

2.4 Accounting principles and evaluation criteria

The criteria adopted with reference to the classification, registration, evaluation and cancellation of the various asset and liability items, as well as the criteria for recording the income components, are illustrated below.

Intangible assets

An intangible asset is an asset that, at the same time, satisfies the following conditions:

- is identifiable;
- it is non-monetary;
- it has no physical consistency;
- is under the control of the company that prepares the financial statements;
- it is expected to produce future economic benefits for the company.

If an asset does not meet the above requirements to be defined as an intangible asset, the expense incurred to purchase the asset or generate it internally is accounted for as a cost when it is incurred.

Intangible assets are initially recognized at cost. The cost of intangible assets acquired externally includes the purchase price and any directly attributable costs.

Internally generated goodwill is not recognized as an asset as are intangible assets arising from research (or from the research phase of an internal project).

An intangible asset arising from the development or development phase of an internal project is recognized if compliance with the following conditions is demonstrated:

- the technical feasibility of completing the intangible asset so that it is available for use or sale;
- the intention to complete the intangible asset to use or sell it;
- the ability to use or sell the intangible asset;
- the way in which the intangible asset is capable of generating future economic benefits and in particular the existence of a market for the product of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes , its usefulness;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset;

- the ability to reliably evaluate the cost attributable to the intangible asset during its development.

Intangible assets are valued using the cost method in accordance with one of the two different criteria provided by IAS 38 (cost model and value redetermination model). The cost model provides that after initial recognition an intangible asset must be recognized at cost net of accumulated amortization and any accumulated impairment losses.

The useful life estimated by the Company for the various categories of intangible assets is shown below:

Intangible asset category	**Depreciation rate**
Brands	20%
Customer relationship	10%
Software	20 - 33%

Software typically has a depreciation rate of 20%, but some of the acquired companies had an historical rate of 33%

The following main intangible assets can be identified within the Company:

(a) Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognized at cost, as previously described, net of cumulative amortization and any losses in value.

Depreciation begins when the asset is available for use and is systematically distributed in relation to its residual possibility of use, i.e. on the basis of its estimated useful life; for the value to be amortized and the recoverability of the book value, the criteria indicated, respectively, in the paragraphs "*Tangible assets*" and "*Impairment of goodwill, tangible and intangible assets and right-of-use assets*" apply.

(b) Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are recognized at cost, as previously described, net of any losses in value. An intangible asset with an indefinite useful life is not depreciated.

In accordance with IAS 36, an entity must verify whether an intangible asset with an indefinite useful life has been impaired by comparing its recoverable amount to its carrying amount:

(a) annually;

(b) whenever there is an indication that the intangible asset may have been impaired.

The useful life of an intangible asset that is not depreciated shall be reviewed at each reporting period to determine whether facts and circumstances continue to support an indefinite useful life determination for that asset. If this is not the case, the change in the determination of the useful life from indefinite to finite shall be accounted for as a change in accounting estimate in accordance with IAS 8.

In accordance with IAS 36, the restatement of the useful life of an intangible asset as finite rather than indefinite indicates that the asset may have been impaired. As a result, an entity tests the asset by comparing its recoverable amount, as determined in accordance with IAS 36, with its carrying amount, and recognising any excess of the carrying amount over the recoverable amount as an impairment loss.

Assets and liabilities for right of use and lease

In accordance with IFRS 16, a contract is, or contains, a *lease* if, in exchange for consideration, it confers the right to control the use of a specified asset for a period of time. The contract is re-evaluated to see whether it is, or contains, a *lease* only if the terms and conditions of the contract change.

For a contract that is, or contains, a *lease*, each *lease* component is separated from the *non-lease* components, unless the Company applies the practical expedient in paragraph 15 of IFRS 16. This practical expedient allows the lessee to choose , for each underlying asset class, not to separate the *non-lease* components from the *lease* components and to account for each *lease* component and the associated *non-lease* components as a single *lease* component.

The *lease* duration is determined as the non-cancelable period of the *lease*, to which both of the following periods are added:

- periods covered by a *lease* extension option, if the lessee has reasonable certainty of exercising the option; And
- periods covered by the *lease* termination option, if the lessee has the reasonable certainty of not exercising the option.

When assessing whether the lessee is reasonably certain to exercise the *lease* extension option or not to exercise the *lease* termination option, all relevant facts and circumstances that create an economic incentive for the lessee to exercise the *lease* termination option shall be considered. option to extend the *lease* or not to exercise the option to terminate the *lease*. The lessee must re-determine the *lease* duration in the event of a change in the non-cancelable period of the *lease*.

On the effective date of the contract, the Company recognizes the right-of-use asset and the related *lease* liability.

On the effective date of the contract, the right-of-use asset is valued at cost. The cost of the right-of-use activity includes:

a) the amount of the initial valuation of the *lease* liability;

b) lease payments due on or before the effective date net of *lease* incentives received;

c) the direct initial costs incurred by the tenant; And

d) the estimate of the costs that the lessee will have to bear for the dismantling and removal of the underlying asset and for the restoration of the site on which it is located or for the restoration of the underlying asset in the conditions established by the terms and conditions of the *lease*, unless such costs are incurred for the production of inventories. The obligation relating to the aforementioned costs arises with the lessee on the effective date or as a consequence of the use of the underlying asset during a specific period.

At the effective date of the contract, the lessee must measure the *lease* liability at the present value of the *lease* payments not paid as of that date. *Lease* payments include the following amounts:

a) fixed payments, net of any *lease* incentives to be received;

b) variable *lease* payments that are dependent on an index or rate, initially valued using an index or rate at the commencement date;

c) the amounts that the lessee is expected to pay as residual value guarantees;

d) the exercise price of the purchase option, if the lessee has reasonable certainty of exercising the option; And

e) *lease* termination penalty payments, if the lease duration takes into account the lessee's exercise of the lease termination option.

Lease payments should be discounted using the interest rate implied by the *lease*, if it can be easily determined. If this is not possible, the lessee must use its marginal financing rate, i.e. the incremental interest rate that the Company would have to pay to obtain financing of the same duration and amount as the *lease*.

After initial recognition, the right-of-use asset is valued at cost:

a) net of accumulated depreciation and accumulated reductions in value; And

b) adjusted to take into account any redeterminations of the *lease* liability.

After initial recognition, the *lease* liability is measured:

a) increasing the book value to take into account interest on the *lease* liability;

b) decreasing the book value to take into account the payments due for the leases made; And

c) recalculating the book value to take into account any new assessments or changes to the *lease* or the review of payments due for substantially fixed leases.

In the event of *lease* modifications that are not configured as a separate *lease*, the right-of-use asset is redetermined (upwards or downwards), consistently with the change in the lease liability on the date of the modification. The *lease* liability is redetermined based on the new conditions set out in the *lease* contract, using the discount rate at the date of the modification.

It should be noted that the Company makes use of the exemption provided for by IFRS 16, with reference to the *leases* of assets of modest value (i.e. when the value of the underlying asset, if new, is approximately lower than Euro 5.000) and to short-term *leases* (i.e. *lease* contracts that have a duration equal to or less than 12 months from the effective date). In such cases, the right-of-use asset and the related *lease* liability are not recognised, and the payments due for the *lease* are recognized in the income statement.

The lessor must classify each of its leases as operational or financial. A *lease* is classified as financial if it transfers substantially all the risks and rewards associated with ownership of an underlying asset. A *lease* is classified as operational if it does not substantially transfer all the risks and rewards of ownership of an underlying asset. In the case of financial leases, on the effective date the lessor must recognize the assets held under the financial lease in the statement of financial position and expose them as a credit at a value equal to the net investment in the *lease*. In the case of operating leases, the lessor must recognize payments due as income on a straight-line or other systematic basis. The lessor must also recognize the costs, including depreciation, incurred to realize the lease proceeds.

Tangible activities

The accounting of property, plant and machinery among tangible assets occurs only when the following conditions occur simultaneously:

- it is probable that the future economic benefits attributable to the asset will be enjoyed by the company;
- the cost can be reliably determined.

Tangible assets are initially measured at cost, defined as the monetary or equivalent amount paid or the fair value of other considerations given to acquire an asset, at the time of purchase or replacement. After initial registration, tangible assets are valued using the cost method, net of the depreciation charges recorded and any accumulated loss in value.

The cost includes the costs directly incurred to make their use possible, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations that require the asset to be returned to its original conditions.

Charges incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when incurred. The capitalization of costs relating to the expansion, modernization or improvement of structural elements owned or used by third parties is carried out to the extent that they meet the requirements to be separately classified as an asset or part of an asset.

The depreciation criterion used for tangible assets is the straight-line method, over their useful life.

The useful life estimated by the Company for the various categories of tangible assets is shown below:

Tangible asset category	Depreciation rate
Real estate buildings	3%
Plants and Machinery	15 - 25%
Electronic office machines	20%
Furniture	15 - 20%
Cars	20 - 25%

Plants and Machinery typically has a depreciation rate of 25%, but some of the acquired companies had an historical rate of 15%

Furniture typically has a depreciation rate of 20%, but some of the acquired companies had an historical rate of 15%

Cars typically has a depreciation rate of 25%, but some of the acquired companies had an historical rate of 20%

At the end of each financial year, the Company verifies whether significant changes have occurred in the expected characteristics of the economic benefits deriving from the capitalized assets and in this case proceeds to modify the depreciation criterion, which is considered as a change in estimate in accordance with the provisions of the IAS 8 principle.

The value of the tangible asset is completely written off upon its disposal or when the company expects that no economic benefit will derive from its disposal.

Capital contributions are accounted for when there is reasonable certainty that they will be received and that all the conditions relating to them are satisfied. The contributions are therefore suspended among the liabilities and credited pro-rata to the income statement in relation to the useful life of the relevant assets.

Reduction in value of tangible and intangible assets and right-of-use assets

At each balance sheet reference date, a check is carried out to ascertain whether there are indicators that the tangible and intangible assets and right-of-use assets may have suffered a reduction in value. To this end, both internal and external sources of information are considered. With regard to the former (internal sources), the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset compared to what was expected. As regards external sources, the following are considered: the trend in market prices of the assets, any technological, market or regulatory discontinuities, the trend in market interest rates or the cost of capital used to evaluate investments.

If the presence of such indicators is identified, the recoverable value of the aforementioned assets is estimated, attributing any write-down compared to the related book value to the comprehensive income statement. The recoverable value of an asset is represented by the greater of the fair value, net of ancillary costs of sale, and the related value in use, determined by discounting the future financial flows estimated for that asset, including, if significant and reasonably determinable , those deriving from the sale at the end of the relevant useful life, net of any disposal costs. In determining the value in use, the expected future financial flows are discounted using a pre-tax discount rate that reflects current market assessments of the cost of money, in relation to the investment period and the specific risks of the asset. For an asset that does not generate largely independent financial flows, the recoverable amount is determined in relation to the cash generating unit to which the asset belongs.

A loss of value is recognized in the comprehensive income statement if the carrying value of the asset,or of the CGU to which it is allocated, is higher than the related recoverable value. Reductions in the value of a CGU are attributed primarily to a reduction in the book value of any goodwill attributed to it and, therefore, to a reduction in other assets, in proportion to their book value and within the limits of the related recoverable value. If the conditions for a previously carried out write-down cease to exist, the book value of the asset is restored with attribution to the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not been carried out and they had been the related amortizations have been carried out.

Participations

Equity investments in subsidiary companies are valued at cost, net of any losses in value

("*impairment*"). An investment is impaired when its book value exceeds its recoverable amount. The book values of investments are subject to evaluation whenever there are clear internal or external indicators of the company that indicate the possibility of a reduction in the value of the investment.

In particular, the indicators analyzed to assess whether an investment has suffered a loss in value are the following:

- the book value of the investment in the separate financial statements exceeds the book value of the net assets of the investee expressed in the consolidated financial statements, including, if applicable, the related goodwill;
- the dividend distributed by the subsidiary exceeds the total retained earnings of the subsidiary from the date of purchase or incorporation;
- the operating result achieved by the investee company is significantly lower than the amount envisaged in the management plan, in the event that this indicator can be considered significant for the reference company;
- there are expectations of significantly decreasing operating results for future years;

- existence of changes in the technological, market, economic or regulatory environment in which the investee operates which may generate significant negative economic effects on the Company's results.

The *impairment* test consists of comparing the book value and the recoverable value of the investment. If the recoverable value of an investment is lower than the book value, the latter is reduced to the recoverable value. This reduction constitutes a loss of value charged to the income statement.

The recoverable value of an investment is identified as the greater of the *fair value* and the value in use. The value in use of an investment is the present value of the future financial flows that are expected to originate from a financial flow-generating investment. Value in use reflects the effects of factors that may be entity-specific, factors that may not apply to any one entity. If the conditions for a previously carried out devaluation cease to exist, the book value of the investment is restored with attribution to the income statement, within the limits of the original cost.

Financial activities

At the time of their initial recognition, financial assets must be classified into one of the following categories: (i) financial assets measured at amortized cost, (ii) financial assets measured at *fair value* with impact on other comprehensive income (OCI) and (iii) financial assets measured at *fair value* through profit and loss. This classification is carried out on the basis of the following elements:

- the entity's business model for managing financial assets; and
- the characteristics relating to the contractual cash flows of the financial asset.

Financial assets are subsequently canceled from the balance sheet only if the sale has resulted in the substantial transfer of all the risks and benefits connected to the assets themselves. On the other hand, if a significant portion of the risks and benefits relating to the financial assets sold have been maintained, these continue to be recorded in the balance sheet, even if legally the ownership of the assets themselves has actually been transferred.

Financial assets measured at amortized cost

Financial assets that satisfy both of the following conditions are included in this category:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractually envisaged financial flows (“*Hold to Collect*” business model); And
- the contractual terms of the financial asset provide, on certain dates, financial flows represented solely by payments of principal and interest on the amount of principal to be repaid (so-called “SPPI test” passed).

Upon initial recognition, these assets are accounted for at *fair value*, including transaction costs or proceeds directly attributable to the instrument itself. After initial recognition, the financial assets in question are valued at amortized cost, using the effective interest rate method. The amortized cost method is not used for assets - valued at historical cost - whose short duration means that the effect of applying the discounting logic is negligible, for those without a defined maturity and for revocable credits.

Financial assets measured at fair value through profit and loss

A financial asset representing a debt instrument that is not measured at amortised cost or fair value through OCI is measured at fair value through profit and loss. This category includes financial assets held for trading purposes. Interest income accrued on financial assets held for trading contributes to the overall measurement of the fair value of the instrument and is recognised under "Financial income (expense)". When the purchase or sale of financial assets takes place in accordance with a contract that provides for the settlement of the transaction and the delivery of the asset within a certain number of days, established by market supervisory bodies or market conventions (e.g. purchase of securities on regulated markets), the transaction is recognised on the settlement date.

Warrants

The Warrants are valued on the basis of the International Financial Reporting Standard n. 2 (IFRS 2) – “Share-based payments” – the estimate of the fair value of the equity instruments assigned.

The evaluation of the rights assigned was carried out by reflecting the financial market conditions valid at the date of assignment.

The methodology adopted for estimating the fair value follows the risk neutral approach typical of these problems; in our model the risk free rate curve is deduced from the interest rate swap rates on the market on the measurement date.

The volatility of the Company's stock was estimated with reference to the historical volatility, on a daily basis, of comparable companies.

It was considered reasonable to use 30 June 2024 as the time horizon for the realization of the liquidity event; furthermore, a percentage of occurrence was attributed to this event. Consequently, this time reference was used for the evaluation of the Warrants.

Please refer to Note 7.5 for details on related costs.

Trade receivables

Trade receivables deriving from the transfer of goods and the provision of services are recognized according to the terms set out in the contract with the customer based on the provisions of IFRS 15 and classified according to the nature of the debtor and/or the expiry date of the credit (this definition includes invoices to be issued for services already provided).

Furthermore, since trade credits are generally short-term and do not provide for the payment of interest, the amortized cost is not calculated, and they are accounted for on the basis of the nominal value reported in the invoices issued or in the contracts stipulated with customers: this provision it is also adopted for trade credits that have a contractual duration exceeding 12 months, unless the effect is particularly significant. The choice derives from the fact that the amount of short-term credits is very similar when applying the historical cost method or the amortized cost criterion and the impact of the discounting logic would therefore be completely negligible.

Trade receivables are subject to a test for reduction in value (so-called impairment) based on the provisions of IFRS 9. For the purposes of the evaluation process, trade receivables are divided into overdue time bands. For performing loans, a collective assessment is carried out by grouping the individual exposures on the basis of similar credit risk. The measurement is carried out on the basis of expected losses over the life of the credit, determined starting from the losses recorded for assets with similar credit risk characteristics based on historical experience, and adjusted in order to reflect forecasts of future economic conditions.

Inventories

Inventories are goods:

- held for sale in the normal course of business;
- employed in production processes for sale;
- in the form of materials or supplies of goods to be used in the production process or in the provision of services.

Inventories are recorded at cost and valued at the lower of cost and net realizable value.

The cost of inventories includes all purchase costs, transformation costs as well as other costs incurred to bring the inventories to their current location and conditions while it does not include exchange differences in the case of inventories invoiced in foreign currencies. In compliance with the provisions of IAS 2, the weighted average cost method is used to determine the cost of inventories.

When the net realizable value is less than the cost, the excess is immediately written down in the income statement.

Activities for work in progress

Contract work in progress is represented by specific projects in progress in relation to multi-year or one-year contracts. When the result of a specific contract can be reliably estimated, the revenues and costs attributable to the relevant order are recognised as revenues and costs respectively in relation to the progress of the activity at the balance sheet date, based on the ratio between the costs incurred for the activity carried out up to the balance sheet date and the total estimated costs of the contract, unless this is considered representative of the progress of the order.

Contract changes, price revisions and incentives are included to the extent that they have been agreed with the client. When the result of a contract cannot be reliably estimated, the revenues attributable to the relevant order are recognised only within the limits of the contract costs incurred which are likely to be recovered. Contract costs are recognised as expenses in the year in which they are incurred. When the total contract costs are likely to be higher than the contract revenues, the expected loss is immediately recognized as an expense. The advances paid by the principals are deducted from the value of the inventories within the limits of the amounts accrued; the portion in excess of the value of inventories is recorded in liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash and bank accounts and deposits repayable on demand and other highly liquid short-term financial investments, which are readily convertible into cash and are subject to a non-significant risk of change in value.

Debts

Trade payables and other payables are initially recognized at fair value and are subsequently valued based on the amortized cost method.

Payables to banks and other financiers are initially recorded at fair value, net of directly attributable ancillary costs, and are subsequently valued at amortized cost, applying the effective interest rate criterion. In the event that, following a change in the conditions of a financial liability, there is a change in the estimate of the expected cash flows that leads to a variation of less than 10% in such flows, it is necessary to recalculate the amortized cost of the financial liability and recognize a profit or loss resulting from the change in the net result. The amortized cost of the financial liability must be recalculated as the present value of the renegotiated or modified cash flows discounted at the original effective interest rate of the financial liability. Any costs or fees incurred in connection with the modification adjust the carrying amount of the modified financial liability and are amortized over the remaining term of the modified financial liability.

Debts are removed from the balance sheet upon their extinction and when the Company has transferred all the risks and charges relating to the instrument itself.

Employee benefits

Employee benefits include benefits provided to employees or their dependents and may be paid through payments (or the provision of goods and services) made directly to employees, their spouse, children or other dependents or to third parties, such as insurance companies and are divided into short-term benefits, benefits due to employees for the termination of the employment relationship and benefits following the end of the employment relationship.

Short-term benefits, which also include incentive programs represented by annual bonuses, MBOs and one-off renewals of national collective agreements, are accounted for as liabilities (cost accrual) after deducting any amount already paid, and as cost, unless some other IFRS requires or permits the inclusion of benefits in the cost of an asset (for example the cost of personnel employed in the development of internally generated intangible assets).

The category of benefits for the termination of the employment relationship includes early retirement incentive plans, which arise in the case of voluntary resignations which provide for the adhesion of the employee or a group of employees to trade union agreements for the activation of the so-called severance funds. solidarity, and dismissal plans, which take place in the case of termination of the employment relationship following a unilateral choice by the company. The enterprise recognizes the cost of such benefits as a balance sheet liability at the earliest date between the time the enterprise cannot withdraw the offer of those benefits and the time the enterprise recognizes the costs of a restructuring that falls within the scope of IAS 37. Provisions for redundancies are reviewed at least every six months.

Post-employment benefit plans are divided into two categories: defined contribution plans and defined benefit plans.

Defined contribution plans mainly include:

- supplementary pension funds which imply a defined amount of contribution by the company;
- the Staff leaving indemnity provision fund, limited to the amounts accruing from 1 January 2007 for companies with over 50 employees, regardless of the destination option chosen by the employee;
- the Staff leaving indemnity provision portions accrued from 1 January 2007 and allocated to supplementary pensions, in the case of companies with fewer than 50 employees;
- supplementary healthcare funds.

Defined benefit plans include:

- Staff leaving indemnity provision, limited to the portion accrued up to 31 December 2006 for all companies, as well as the portions accrued from 1 January 2007 and not intended for supplementary pension provision for companies with fewer than 50 employees;
- supplementary pension funds whose conditions provide for the payment of a defined benefit to members;
- seniority bonuses, which provide an extraordinary payment to the employee upon reaching a certain level of seniority.

In defined contribution plans, the obligation of the company that prepares the financial statements is determined on the basis of the contributions due for that financial year and therefore the evaluation of the obligation does not require actuarial hypotheses and there is no possibility of actuarial profits or losses.

The accounting of defined benefit plans is characterized by the use of actuarial hypotheses to determine the value of the obligation. This assessment is entrusted to an external actuary and is carried out on an annual basis. For discounting purposes, the Company uses the unitary credit projection method which involves the projection of future disbursements on the basis of historical statistical analyzes and the demographic curve and the financial discounting of such flows on the basis of a market interest rate . Actuarial profits and losses are recognized as a contra-entry to shareholders' equity (in the item "Reserve for actuarial profits and losses") as required by accounting standard IAS 19.

Provisions for risks and charges, contingent assets and liabilities

Potential assets and liabilities can be divided into several categories depending on their nature and their accounting implications. In particular:

- funds are actual obligations of uncertain amount and contingency/maturity that arise from past events and for which it is probable that there will be an outlay of economic resources for which it is possible to make a reliable estimate of the amount;
- contingent liabilities are possible obligations for which the probability of an outlay of economic resources is not remote;
- remote liabilities are those for which the outlay of economic resources is unlikely;
- contingent assets are assets for which the requirement of certainty is lacking and cannot be accounted for in the financial statements;
- the onerous contract is a contract in which the non-discretionary costs necessary to fulfill the obligations undertaken are greater than the economic benefits that are supposed to be obtainable from the contract;
- restructuring is a program planned and controlled by company management that significantly changes the scope of an activity undertaken by the company or the way in which the activity is managed.

For the purposes of accounting recognition of the burden, provisions are recognized in cases where there is uncertainty regarding the expiry or the amount of the flow of resources necessary to fulfill the obligation or other liabilities and in particular trade debts or allocations for presumed debts.

Provisions are distinguished from other liabilities as there is no certainty regarding the maturity or amount of future expenditure required for compliance. Given their different nature, provisions are shown separately from trade payables and provisions for presumed debts.

The accounting of a liability or the allocation to a fund occurs when:

- there is a current legal or implicit obligation as a result of past events;
- it is probable that the use of resources capable of producing economic benefits will be necessary to fulfill the obligation;
- a reliable estimate of the amount of the obligation can be made.

Provisions require the use of estimates. In extremely rare circumstances where a reliable estimate cannot be made, there is a liability that cannot be reliably determined and is therefore described as a contingent liability.

The provision for risks and charges is made for an amount that represents the best possible estimate of the expense necessary to liquidate the relevant obligation existing at the balance sheet reference date and takes into consideration the risks and uncertainties that inevitably surround many facts and circumstances . The amount of the provision reflects any future events that may affect the amount required to settle an obligation if there is sufficient objective evidence that these will occur.

Once the best possible estimate of the expense necessary to liquidate the relevant obligation existing at the balance sheet reference date has been determined, the current value of the provision is determined, in the event that the effect of the current value of money is a relevant aspect.

Financial liabilities

Financial liabilities are classified, at the time of initial recognition, at fair value through profit or loss. All financial liabilities are initially recognised at fair value, plus transaction costs directly attributable to them in the case of mortgages, loans and payables. The Group's financial liabilities include trade payables and other payables, mortgages and loans, including overdrafts and guarantees. Loans and payables (the most important category for the Group) are measured at amortised cost, using the effective interest rate method. Gains and losses are accounted for in the income statement when the liability is settled, as well as through the depreciation process.

Amortized cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate.

Financial guarantees are contracts that require payment to reimburse the holder of a debt instrument for a loss suffered as a result of the debtor's default on payment on the contractually stipulated deadline. In the event of issuance by the Group, financial collateral arrangements are initially recognised as liabilities at fair value, plus transaction costs directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the greater of the best estimate of the disbursement required to meet the secured obligation at the balance sheet date and the amount initially recognised, net of accumulated depreciation.

A financial liability is written off when the obligation underlying the liability is extinguished, cancelled or honoured. Where an existing financial liability is replaced by another from the same lender, under substantially different conditions, or the terms of an existing liability are substantially changed, such exchange or modification is treated as an accounting write-off of the original liability, accompanied by the recognition of a new liability, with any differences between the carrying amounts recognised in the income statement.

Treasury shares

The treasury shares repurchased are recognised at cost and reducing shareholders' equity. The purchase, sale or cancellation of treasury shares do not give rise to any profit or loss in the income statement. Any differences in the event of reissue are recognised in the share premium reserve.

Operating Revenue

Operating revenues are recognized when the following conditions occur:

- the contract with the customer has been identified;
- the contractual obligations (“performance obligations”) contained in the contract have been identified;
- the price has been determined;
- the price was allocated to the individual contractual obligations contained in the contract;
- the contractual obligation contained in the contract has been satisfied.

The Company recognizes operating revenues when (or as it) fulfills the contractual obligation by transferring the promised good or service (i.e. the activity) to the customer. The asset is transferred when (or as) the customer acquires control.

The Company transfers control of the good or service over time, and therefore fulfills the contractual obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and uses the benefits deriving from the entity's performance as the latter performs it;
- the Company's performance creates or improves the asset (for example, work in progress) that the customer controls as the asset is created or improved;
- the Company's performance does not create an activity that presents an alternative use for the Company and the Company has the enforceable right to payment for the service completed up to the date considered.

If the contractual obligation is not fulfilled over time, the contractual obligation is fulfilled at a certain time. In this case, the Company recognizes the revenue when the customer acquires control of the promised activity.

The contractual consideration included in the customer contract may include fixed amounts, variable amounts, or both. If the contractual consideration includes a variable amount (e.g. discounts, price concessions, incentives, penalties or other similar elements), the Company will estimate the amount of consideration to which it will be entitled in exchange for the transfer of the goods or services to the customer promised. The Company includes in the price of the transaction the amount of the estimated variable consideration only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved there will not be a significant downward adjustment in the amount of cumulative revenues recognized.

In the event that the Company has the right to receive consideration in exchange for goods or services transferred to the customer, the Company recognizes an asset arising from contracts with customers. In the event of an obligation to transfer goods and services to the customer for which consideration has been received from the customer, the Company recognizes a liability arising from contracts with customers.

Incremental costs for obtaining contracts with customers are accounted for as assets and amortized over the life of the underlying contract, if the Company expects their recovery. The incremental costs for obtaining the contract are the costs that the Company incurs to obtain the contract with the customer and which it would not have incurred if it had not obtained the contract. Costs to obtain the contract that would have been incurred even if the contract had not been obtained must be recognized as a cost when they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

Specifically for SYS-DAT, five macro categories have been identified:

- SW licenses
- SW maintenance fees
- Outsourcing/Saas fees
- Hardware
- Services

The five macro categories represent distinct goods or services and a single obligation to perform is recognizable and the indication of the individual components in the contract or purchase order is decisive.

The customer can use the goods or services of each of the five macro categories individually or in combination and the promise to transfer each goods or services can be distinguished from other promises in the contract.

In terms of revenue recognition, the revenues for the individual performance obligations are accounted for only when SYS-DAT has fulfilled its obligations and therefore transferred control (and the related risks) of the activity to the customer:

- SW licenses: License allocation to the customer
- SW maintenance fees: Pro rata over period
- Outsourcing/Saas fees: Pro rata over period
- Hardware: Delivery to the customer
- Services: Depending on the type of services:
    a) Recurring services (helpdesk): Pro rata over period
    b) T&M Services: Monthly, based on work performed
    c) Fixed-price services: Based on Work In Progress (WIP) as % of completion

Cost recognition

Costs are recognized in the income statement according to the accrual principle.

Listing costs

In accordance with IAS 32, the listing costs relating to a public subscription offer are recorded as a direct reduction of shareholders' equity, while the costs relating to a public sale offer are recorded directly in the income statement. In the event of a positive outcome of the listing operation, the ratio between the number of new shares and the number of post-listing shares will determine the percentage of charges that will be accounted for as a direct reduction of shareholders' equity. If the transaction does not occur, these costs must instead be expensed in the income statement. As of December 31, 2023, the Company has Euro 253 thousand listing costs accounted for in the balance sheet.

Dividends

Dividends received are accounted for in the income statement according to the accrual principle, i.e. in the financial year in which the related right to credit arises, following the shareholders' resolution to distribute dividends by the investee company.

Dividends distributed are represented as a movement in shareholders' equity in the year in which they are approved by the shareholders' meeting.

Income taxes

Current taxes are calculated on the basis of the taxable income for the year, applying the tax rates in force at the balance sheet date. Current taxes for the financial year and previous years, to the extent that they have not been paid, are recognized as liabilities. Current tax assets and liabilities, for the current and previous financial years, must be determined at the value that is respectively expected to be recovered or paid to the tax authorities, applying the tax rates and tax legislation in force or substantially issued on the date of balance sheet reference.

Deferred taxes are divided into:

- deferred tax liabilities, are the amounts of income taxes due in future years relating to taxable temporary differences;
- deferred tax assets, are the amounts of income taxes recoverable in future years relating to deductible temporary differences, carry forward of unused tax losses, carry forward of unused tax credits.

To calculate the amount of deferred tax assets and liabilities, the tax rate is applied to the identified temporary, taxable or deductible differences, or to unused tax losses and unused tax credits.

At each balance sheet reference date, a new evaluation is carried out of both the deferred tax assets not recognized in the balance sheet and the deferred tax assets recognized in the balance sheet in order to verify the existence of the assumption of the probability of recovery of the deferred tax assets.

Conversion of items into currency

Transactions in currencies other than the functional currency are recognized at the exchange rate in force on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the Euro are subsequently adjusted to the exchange rate in force at the end of the financial year. Any exchange differences that may arise are reflected in the income statement under the item "Profits and losses on exchange rates"

3. Recently issued accounting standards

New Accounting Standards, Interpretations and Amendments adopted as of 1 January 2023

The following amendments are effective for the financial year beginning 1 January 2023:

- International Tax Reform - Second Pillar Model Rules (Amendments to IAS 12)

In December 2022, the Organisation for Economic Cooperation and Development (OECD) published a draft legislative framework for a global minimum tax that should be used by individual jurisdictions. The aim of the framework is to reduce the transfer of profit from one jurisdiction to another in order to in order to reduce global tax obligations in corporate structures. In March 2022, the OECD published detailed technical guidance on the second pillar of standards.

Stakeholders have expressed concerns with the IASB about the potential implications on the income tax accounting, particularly with regard to deferred taxes, arising from the Pillar 2 rules.

On 23 May 2023, the IASB published final amendments relating to the International Tax Reform - Model Rules for the Second Pillar, in response to the concerns of the stakeholders.

The amendments introduce a mandatory exception for entities from the recognition and disclosure of deferred tax assets and liabilities related to the Second Pillar model rules. The exception has immediate and retroactive effect. The amendments also provide for additional disclosure requirements in relation to the entity's exposure to Pillar 2 income taxes.

Sys-Dat’s Management has determined that the Company does not fall within the scope of the OECD Model Rules of the Second Pillar of the OECD and that the exception to the recognition and disclosure of deferred tax assets and deferred tax liabilities relating to the Second Pillar is not applicable to the Company.

New Accounting Standards, Interpretations and Amendments not yet effective

There are numerous standards, amendments to standards and interpretations that have been issued by the IASB, but which will be effective in future accounting periods that the Company has decided not to apply in advance.

The following amendments are effective as of the financial year beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements) and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The following amendments are effective as of the financial year beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

All changes will take effect on January 1, 2024.

The Directors do not expect a significant effect on the financial statements from the adoption of these amendments.

4. Estimates and assumptions

The preparation of the financial statements requires the application of accounting principles and methodologies by the Directors which, in certain circumstances, are based on difficult and subjective assessments and estimates, based on historical experience and on assumptions that are considered from time to time. reasonable and realistic in light of the relevant circumstances.

The application of these estimates and assumptions influences the amounts reported in the financial statements, such as the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement, as well as the information provided. The final results of the financial statement items for which the aforementioned estimates and assumptions were used could differ, even significantly, from those reported in the financial statements which reveal the effects of the occurrence of the event being estimated, due to the uncertainty that characterizes the assumptions and conditions on which the estimates are based.

The areas that require greater subjectivity on the part of the Directors in the preparation of estimates more than others and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial results of the Company are the following:

a) *Reduction in value of tangible and intangible assets with a defined useful life:* tangible and intangible assets with a defined useful life are subject to verification in order to ascertain whether a loss in value has occurred when there are indicators that indicate difficulties in recovery of its net book value through use. The verification of the existence of the aforementioned indicators requires the Directors to carry out subjective assessments based on the information available from both internal and external sources, as well as on historical experience. Furthermore, if it is determined that a potential loss of value may have been generated, it is determined using valuation techniques deemed suitable. The correct identification of the indicators of a potential loss of value, as well as the estimates for determining them, depend on subjective assessments as well as on factors that can vary over time, influencing the assessments and estimates made by management.

b) *Provision for bad debts:* the determination of this provision reflects management estimates linked to the historical and expected solvency of customers.

c) *Provisions for risks and charges:* the identification of the existence or otherwise of a current obligation (legal or implicit) is in some circumstances not easy to determine. The Directors evaluate these phenomena on a case-by-case basis, together with the estimate of the amount of economic resources required to fulfill the obligation. When the Directors believe that the occurrence of a liability is only possible, the risks are indicated in the specific information note on commitments and risks, without giving rise to any allocation.

d) *Useful life of tangible and intangible assets:* the useful life is determined at the time the asset is recognized in the balance sheet. Useful life assessments are based on historical experience, market conditions and expectations of future events that could affect useful life, including technological changes. Accordingly, it is possible that the actual useful life may differ from the estimated useful life.

e) *Deferred tax assets:* deferred tax assets are recognized to the extent that the existence of adequate future tax profits against which the temporary differences or any tax losses can be used is probable.

f) *Inventories:* the final inventories of products that exhibit characteristics of obsolescence or slow turnover are periodically subjected to valuation tests and written down in the event that their recoverable value is lower than the book value. The write-downs carried out are based on assumptions and estimates of the Directors deriving from their experience and the historical results achieved.

g) *Lease liabilities:* the amount of the lease liability and consequently of the related right-of-use assets depends on the determination of the lease term. This determination is subject to management assessments, with particular reference to the inclusion or otherwise of the periods covered by the lease renewal and termination options provided for in the lease contracts. These assessments will be reviewed upon the occurrence of a significant event or significant change in circumstances that impacts management's reasonable certainty of exercising an option previously not considered in determining the lease term or of not exercising an option previously considered in the determination of the lease term.

5. *Financial risks management*

The Company's operations are exposed to financial risks that could adversely impact the economical and financial situation of the Company. Below they are listed the main policies to manage the Company's financial risks.

Credit risk

The Company is exposed to credit risk. The Company's customers could delay or not fulfill their payment obligations in the agreed terms and that the internal procedures, related to customer credit evaluation, could not be sufficient to guarantee the cash in of such credits. The provision for bad debts reflects the expected losses calculated over the useful life of these assets. The estimate of expected losses is based on a dual approach which involves an individual analysis of each position of the most relevant customers and a collective analysis which groups customers with similar characteristics. Positions for which an objective condition of partial or total uncollectability is detected are subject to individual write-downs. In this case, the amount of the write-down takes into account an estimate of the recoverable flows based on the delay in payments. All other positions are instead subject to collective assessment using a matrix of provisions based on the age of the receivables and the experience of actual historical losses. The historical information used in defining the provisioning matrix is adequate to reflect current and prospective information on macroeconomic factors that influence customers' ability to settle their debts.

The value of receivables due, gross of the provision for bad debts, for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 is equal to Euro 16.815 thousand, Euro 13.331 thousand and Euro 8.053 thousands.

In the Three-Year Period considered, the credit balance is overall increasing in line with the business growth even if the 2022 increase is additionally influenced by a higher than the Company average credit balance of the newly acquired company. Overdue receivables, gross of the provision for bad debts, for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, are equal to Euro 5.695 thousand (equal to 34% of the total amount of trade receivables gross), to Euro 4.754 thousand (equal to 36% of the overall amount of gross trade receivables) and Euro 2.104 thousand (equal to 26% of the overall amount of gross trade receivables).

Liquidity risk

The Company is not exposed to funding risk given the amount of net financial position and the cash generated from the operations. The Company's cash flows, financing needs and liquidity are carefully monitored and managed through:

- maintaining an adequate level of available liquidity;
- obtaining adequate credit lines;
- monitoring prospective liquidity conditions, in relation to the business planning process.

Moreover, the Company has a very limited exposure to fluctuations in the exchange rates as it almost exclusively operates in Euro.

6. *Notes on the equity and financial situation*

6.1 Intangible assets

Intangible assets at 31 December 2023 are mainly composed of goodwill, customers value, software and similar related rights and amount to Euro 8.954 thousand of goodwill and Euro 7.384 thousand of intangibles other than goodwill.

The goodwill, customers value, software and similar rights refer to acquisitions made during the years; customer value is amortized at a rate of one tenth of their original value and goodwill and software are mainly amortized at one fifth of their original value, despite some of the acquired companies had an historical rate of one tenth for goodwill and one third for software.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Goodwill	8.954.306	5.779.198	4.001.909	3.936.837
Intangibles other than goodwill	7.383.814	3.906.906	1.686.068	380.227
Total intangibles	**16.338.120**	**9.686.104**	**5.687.977**	**4.317.064**

The following table shows the list of companies under consolidation as of 31 December 2023 with the main results from the registered 2023 accounts:

(Euro)	**Country of incorporation**	**Share capital**	**Net income 2023**	**Equity as of 31 Dec 2023**	**Group ownership**
LOGIC ONE SRL	Italy	40.000	13.910	189.440	100%
MODASYSTEM SRL	Italy	250.000	377.201	1.320.275	100%

BTW INFORMATICA SRL	Italy	50.000	139.278	441.332	100%
NEKTE SRL	Italy	204.890	151.277	486.747	100%
HARS SRL	Italy	115.000	230.954	1.130.551	100%
SYS-DAT VERONA SRL	Italy	200.000	168.790	2.521.305	82%
HUMATICS SRL	Italy	10.000	20.903	138.428	70%
EMMEDATA SRL	Italy	31.200	447.042	1.135.839	100%
TRIZETA SRL	Italy	10.000	16.076	200.864	100%
VCUBE SRL	Italy	10.000	5.181	1.897.575	70%
SISOLUTION SRL	Italy	11.000	66.927	1.325.378	100%

The following table shows the composition and movements of goodwill for the years ended 31 December 2023, 2022 and 2021.

(Euro)	31st December			31st December			31st December			1st January
	2023	**Business combination**	**Other**	**2022**	**Business combination**	**Other**	**2021**	**Business combination**	**Other**	**2021**
E-LAB CONSULTING SRL	244.565			244.565			244.565			244.565
MODASYSTEM SRL	430.000			430.000			430.000			430.000
BTW INFORMATICA SRL	11.134			11.134			11.134			11.134
NEKTE SRL	526.380			526.380			526.380			526.380
HARS SRL	426.423			426.423			426.423			426.423
SYS-DAT VERONA SRL	1.637.255			1.637.255			1.637.255		5.175	1.632.080
SYS-DAT VERONA SRL (ATTUA SRL merger)	19.897			19.897			19.897	19.897		-
HUMATICS SRL	282.132			282.132	282.132		-			-
EMMEDATA SRL	1.495.156			1.495.156	1.495.156		-			-
EQUALIS SRL	57.728	57.728		-			-			-
VCUBE SRL	1.285.598	1.285.598		-			-			-
SISOLUTION SRL	1.584.080	1.584.080		-			-			-
TRIZETA SRL	247.701	247.701		-			-			-
Business combinations goodwill before 31 December 2020	706.255			706.255	-		706.255	40.000		666.255
Total Goodwill	**8.954.306**	**3.175.108**		**5.779.198**	**1.777.289**		**4.001.909**	**59.897**	**5.175**	**3.936.837**

The following table shows the composition of Business combinations goodwill before 31 December 2020 for the years ended 31 December 2023, 2022 and 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
VAR FASHION SRL (Company branch)	230.000	230.000	230.000	230.000
BMS SPA (Company branch)	100.000	100.000	100.000	100.000
SAI SRL (Company branch)	216.000	216.000	216.000	216.000
VAR DIGITAL SRL (Company branch)	99.255	99.255	99.255	99.255
TDA SAS DI MARIO APA (Company branch)	21.000	21.000	21.000	21.000
OS2 SRL (Company branch)	40.000	40.000	40.000	-
Total Business combinations goodwill before 31 December 2020	**706.255**	**706.255**	**706.255**	**666.255**

Purchase Price Allocation

For each subsidiary acquired in the period between 1 January 2021 and 31 December 2023, the Company used a third party to run an analysis of the purchase price allocation, starting from the full price of the acquisition including contractual obligations in terms of variable amounts and earn-outs.

The analysis, starting from a specific model, includes the valuation of acquired assets, specifically software assets and customer portfolio assets, which are reflected in the values of the intangibles presented in the following paragraphs.

Goodwill was calculated as full goodwill, including the value of third parties (minorities), as the marginal portion of the full price, corrected for IFRS accounting at the reference date, deducting the value of the acquired assets and considering the effect of deferred taxes, as per the following table:

Contract date	Attua S.r.l. 15/02/2021	Humatics S.r.l. 12/07/2022	Emmedata S.r.l. 15/02/2022	Equalis S.r.l. 15/03/2023	Vcube S.r.l. 11/05/2023	Trizeta S.r.l. 21/09/2023	Sisolution S.r.l. 16/11/2023
Contract fixed cost	881.381	251.105	2.600.000	859.124	2.056.314	395.040	2.850.000
Contract earn out	150.000	94.280	161.938	120.097	607.468	197.172	790.072
Total Price	**1.031.381**	**345.385**	**2.761.938**	**979.221**	**2.663.782**	**592.212**	**3.640.072**
% of acquisition	100%	70%	100%	100%	70%	100%	100%
Minorities (full goodwill)	0	148.022	0	0	1.141.621	0	0
Total cost (100%)	**1.031.381**	**493.407**	**2.761.938**	**979.221**	**3.805.403**	**592.212**	**3.640.072**
Total equity IA/IFRS rectified	475.967	106.943	353.730	500.330	1.769.569	149.428	1.258.518
Acquired assets	**475.967**	**106.943**	**353.730**	**500.330**	**1.769.569**	**149.428**	**1.258.518**
Fair value software	**78.886**	**4.002**	**708.564**	**297.531**	**161.559**	**48.450**	**285.270**
ERP	70.056	0	708.564	291.604	0	0	206.035
CRM	0	0	0	2.387	0	0	0
Retail	8.830	0	0	0	0	0	0
Other	0	4.002	0	3.540	161.559	48.450	79.235
Fair value relationship with customers	**663.854**	**140.702**	**557.805**	**286.608**	**878.990**	**222.123**	**820.797**
Deferred tax liabilities	**-207.224**	**-40.372**	**-353.317**	**-162.975**	**-290.313**	**-75.490**	**-308.593**
Net assets acquired (100%)	**1.011.482**	**211.274**	**1.266.782**	**921.493**	**2.519.805**	**344.511**	**2.055.992**
Goodwill	**19.899**	**282.133**	**1.495.156**	**57.728**	**1.285.598**	**247.701**	**1.584.080**

For companies and company branches, indicated under Business combinations goodwill before 31 December 2020, that were acquired before the transition date, the historical value of the goodwill has been used.

Impairment test

Investments in companies of which the Company holds control, with goodwill accounted for in the separate financial statements of SYS-DAT S.p.A. and in the consolidated financial statements, are considered to have an indefinite useful life and are subject to an analysis at intervals, at least annually, aimed at verifying any impairment losses, on the basis of the criteria set out in IAS 36. In the event that the test reveals an impairment loss, the Company will account for an impairment in the financial statements. This verification is based on a comparison between the recoverable amount of the investment and goodwill and the carrying amount of the same recorded in the financial statements.

In the present case, the recoverable value of the investments and goodwill was calculated taking into account their value estimated on the basis of expected cash flows, discounted on the basis of an appropriate rate, calculated on the basis of the weighted average cost of debt and equity (WACC - Weighted Average Cost of Capital).

The above-mentioned cash flows have been estimated on the basis of the 2024-2027 business plan. The recoverable amount was estimated as the sum of the present value of the flows relating to the period and the expected residual value beyond this forecast horizon (terminal value). With regard to the estimation of the terminal value, the extrapolation of the estimated flow to 2027, appropriately adjusted to take into account an adequate level of investment and absorption of long-term net working capital, was assumed as a long-term sustainable flow.

The cost of capital used for the discounted cash flows:

- has been estimated using the CAPM model, the Capital Asset Pricing Model, which is a generally accepted application criterion referred to in IAS 36;
- reflects current market estimates of the time value of money and the specific risks of the assets;
- was calculated using comparative market parameters to estimate the "beta ratio" and the weighing ratio of the equity and debt components;
- takes into account the impacts deriving from the application of the latest IFRS 16 standard.

Furthermore, it is noted that:

- the weighted average cost of capital used to discount cash flows (WACC) is equal to 12.3%;
- the growth rate used to estimate the residual value after the explicit forecast period (the so-called G-rate), expressed in nominal terms and referring to cash flows in their currency, is equal to 1.00%.

The growth rate in terminal value "g" has been estimated taking into account the expected evolution over the forecast period. The analyses carried out have resulted in a recoverable value of the assets higher than their respective carrying values. On the basis of the results of the impairment test, the Company did not proceed with any impairment of the value of the investments and goodwill referred to above, as no impairment loss was detected.

Intangible assets other than goodwill

The following table shows the composition of intangible assets other than goodwill for the years ended 31 December 2023, 2022 and 2021.

(Euro)	31st December			1st January
	2023	2022	2021	2021
Capitalized software development costs	2.995.283	1.865.691	665.181	-
Software	1.269.923	776.711	295.330	370.812
Customer portfolio	3.046.911	1.213.353	668.953	-
Other intangibles	71.698	51.152	56.605	9.415
Total intangibles other than goodwill	**7.383.814**	**3.906.906**	**1.686.068**	**380.227**

The following tables show the movements of intangible assets other than goodwill for the years ended 31 December 2023, 2022 and 2021.

(Euro)	Intangibles other than goodwill		
	Gross value	Accum. Amort.	Net Value
Net value 1st January 2021	**2.879.334**	**(2.499.106)**	**380.227**
Investments	142.356		142.356
Capitalizations	831.476	0	831.476
Decreases and reclassifications	(51.148)	51.148	(0)
Amortization		(410.732)	(410.732)
Business combinations	742.740	0	742.740
Net value 31st December 2021	**4.544.757**	**(2.858.690)**	**1.686.068**
Investments	11.652		11.652
Capitalizations	1.708.507	0	1.708.507
Decreases and reclassifications	1.909	(1.908)	0
Amortization		(922.113)	(922.113)
Business combinations	1.609.373	(186.581)	1.422.792
Net value 31st December 2022	**7.876.198**	**(3.969.292)**	**3.906.906**
Investments	106.657		106.657
Capitalizations	2.046.985	0	2.046.985
Decreases and reclassifications	0	0	0
Amortization		(1.725.688)	(1.725.688)
Business combinations	3.110.742	(61.787)	3.048.954
Net value 31st December 2023	**13.140.582**	**(5.756.767)**	**7.383.814**

(Euro)	Total	Capitalized software development costs			Software			Customer portfolio			Other intangibles		
	Net Value	Gross value	Accum. Amort.	Net Value	Gross value	Accum. Amort.	Net Value	Gross value	Accum. Amort.	Net Value	Gross value	Accum. Amort.	Net Value
Net value 1st January 2021	**380.227**	**0**	**0**	**0**	**2.823.324**	**(2.452.512)**	**370.812**	**0**	**0**	**0**	**56.009**	**(46.594)**	**9.415**
Investments	142.356			0	465		465	89.355		89.355	52.536		52.536
Capitalizations	831.476	831.476		831.476			0			0			0
Decreases and reclassifications	(0)			0	(52.730)	51.148	(1.582)	0	0	0	1.582	0	1.582
Amortization	(410.732)		(166.295)	(166.295)		(153.252)	(153.252)		(84.256)	(84.256)		(6.928)	(6.928)
Business combinations	742.740			0	78.886		78.886	663.854		663.854			0
Net value 31st December 2021	**1.686.068**	**831.476**	**(166.295)**	**665.181**	**2.849.945**	**(2.554.616)**	**295.330**	**753.209**	**(84.256)**	**668.953**	**110.127**	**(53.522)**	**56.605**
Investments	11.652			0	11.652		11.652	0		0	0		0
Capitalizations	1.708.507	1.708.507		1.708.507			0			0			0
Decreases and reclassifications	0			0	2.883	(3.988)	(1.105)	0	0	0	(974)	2.080	1.106
Amortization	(922.113)		(507.997)	(507.997)		(252.925)	(252.925)		(154.107)	(154.107)		(7.084)	(7.084)
Business combinations	1.422.792			0	902.195	(178.436)	723.759	698.507	0	698.507	8.671	(8.145)	526
Net value 31st December 2022	**3.906.906**	**2.539.983**	**(674.292)**	**1.865.691**	**3.766.676**	**(2.989.965)**	**776.711**	**1.451.716**	**(238.364)**	**1.213.353**	**117.824**	**(66.672)**	**51.152**
Investments	106.657			0	77.856		77.856	0		0	28.801		28.801
Capitalizations	2.046.985	2.046.985		2.046.985			0			0			0
Decreases and reclassifications	0			0	0	0	0	0	0	0	0	0	0
Amortization	(1.725.688)		(917.394)	(917.394)		(423.141)	(423.141)		(374.959)	(374.959)		(10.195)	(10.195)
Business combinations	3.048.954			0	872.493	(33.996)	838.497	2.208.517	0	2.208.517	29.732	(27.791)	1.940
Net value 31st December 2023	**7.383.814**	**4.586.968**	**(1.591.685)**	**2.995.283**	**4.717.025**	**(3.447.102)**	**1.269.923**	**3.660.233**	**(613.322)**	**3.046.911**	**176.356**	**(104.658)**	**71.698**

Investments in intangible assets for the years ended 31 December 2023, 2022 and 2021, respectively equal to Euro 106 thousand, Euro 12 thousand and Euro 142 thousand, are mainly attributable to software and applications supporting the same.

Based on the provisions of article 110 of Legislative Decree 104/2020 (converted with amendments by law 126/2020) the Company and two of its controlled entities (Modasystem Srl and SYS-DAT Verona Srl) have availed themselves of the right to obtain recognition for tax purposes of the revaluation of software assets (Euro 3.931 thousand) occurred in the financial statements as at 31 December 2020 approved according to national accounting standards, through the payment of the expected substitute tax of 3%. This revaluation was subject to derecognition upon the first adoption of the EU- IFRS, For further information, please refer to paragraph 6.5

During the years under review, no indications emerged of possible losses in value with reference to intangible assets.

In 2023, 2022 and 2021 the Company continued its development activity. All costs incurred were capitalised respectively in each financial year.

The cost in 2023, 2022 and 2021 were respectively Euro 2.047 thousand, Euro 1.709 thousand and Euro 831 thousand. The tables below show the total R&D days in 2023, 2022 and 2021 divided between the five application areas: ERP, Add-on SAP, CRM, Retail and Other.

2023 R&D total number of days	ERP	Add-on SAP	CRM	Retail	Other
7.860	4.872	1.013	467	907	601

2022 R&D total number of days	ERP	Add-on SAP	CRM	Retail	Other
6.321	3.705	883	452	760	520

2021 R&D total number of days	ERP	Add-on SAP	CRM	Retail	Other
3.624	2.269	668	24	565	98

The table below show the total R&D cost movements in 2023, 2022 and 2021 divided between the five application areas: ERP, Add-on SAP, CRM, Retail and Other.

(Euro thousand)	Total	ERP	Add-on SAP	CRM	Retail	Other
Net value 1st January 2021	**0**	**0**	**0**	**0**	**0**	**0**
Capitalizations	831.476	549.744	136.797	3.854	113.861	27.221
Amortization	(166.295)	(109.949)	(27.359)	(771)	(22.772)	(5.444)
Net value 31 December 2021	**665.181**	**439.795**	**109.437**	**3.083**	**91.089**	**21.777**
Capitalizations	1.708.507	996.105	268.883	159.777	173.101	110.641
Amortization	(507.997)	(309.170)	(81.136)	(32.726)	(57.392)	(27.572)
Net value 31 December 2022	**1.865.691**	**1.126.730**	**297.185**	**130.134**	**206.797**	**104.845**
Capitalizations	2.046.985	1.187.013	330.970	196.403	211.669	120.930
Amortization	(917.394)	(546.572)	(147.330)	(72.007)	(99.726)	(51.758)
Net value 31 December 2023	**2.995.283**	**1.767.171**	**480.825**	**254.530**	**318.740**	**174.017**

6.2 Right-of-use assets and current and non-current lease liabilities

The main financial information relating to the leasing contracts held by the Company, which mainly acts as a lessee, is shown in the following table.

(Euro)	31st December			1st January
	2023	2022	2021	2021
Net book value of right-of-use assets (property)	3.210.433	4.498.736	3.572.654	3.831.086
Net book value of right-of-use assets (cars)	784.225	445.819	368.554	403.129
Total net book value of right-of-use assets	**3.994.658**	**4.944.555**	**3.941.207**	**4.234.215**
Current lease liabilities	640.569	598.522	459.758	416.091
Non current lease liabilities	3.484.563	4.384.623	3.517.276	3.818.124
Total lease liabilities	**4.125.133**	**4.983.145**	**3.977.034**	**4.234.215**

The following table reports the main economic and financial information relating to the leasing contracts held by the Company.

(Euro)	31st December		
	2023	**2022**	**2021**
Depreciation of right-of-use assets (property)	419.678	345.174	258.433
Depreciation of right-of-use assets (cars)	255.596	231.717	214.250
Depreciation of right-of-use assets	**675.273**	**576.891**	**472.683**
Interest expense for lease	**220.950**	**142.454**	**122.056**
Property lease fees	554.006	471.211	369.721
Cars lease fees	287.515	250.189	189.191
Total lease interest fees	**841.521**	**721.400**	**558.912**

Right-of-use assets relates to Properties owned by the company in Turin and leases for properties in Milan and to cars long term rentals mainly.

The following table shows the movements of right-of-use assets for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**Right-of-use assets**			**RoU assets (property)**			**RoU assets (cars)**		
	Gross value	**Accum. Amort.**	**Net Value**	**Gross value**	**Accum. Amort.**	**Net Value**	**Gross value**	**Accum. Amort.**	**Net Value**
Net value 1st January 2021	**4.234.215**	**0**	**4.234.215**	**3.831.086**	**0**	**3.831.086**	**403.129**	**0**	**403.129**
Investments	179.675		179.675	0		0	179.675		179.675
Decreases and reclassifications	(3.924)	3.924	0	0	0	0	(3.924)	3.924	0
Amortization		(472.683)	(472.683)		(258.433)	(258.433)		(214.250)	(214.250)
Business combinations	0	0	0	0		0	0		0
Net value 31st December 2021	**4.409.965**	**(468.758)**	**3.941.207**	**3.831.086**	**(258.433)**	**3.572.654**	**578.879**	**(210.325)**	**368.554**
Investments	1.278.785		1.278.785	976.943		976.943	301.842		301.842
Decreases and reclassifications	(45.213)	45.213	0	0	0	0	(45.213)	45.213	0
Amortization		(576.891)	(576.891)		(345.174)	(345.174)		(231.717)	(231.717)
Business combinations	337.044	(35.591)	301.454	324.959	(30.645)	294.313	12.086	(4.945)	7.140
Net value 31st December 2022	**5.980.581**	**(1.036.026)**	**4.944.555**	**5.132.988**	**(634.252)**	**4.498.736**	**847.593**	**(401.774)**	**445.819**
Investments	862.871		862.871	395.289		395.289	467.583		467.583
Decreases and reclassifications	(1.822.723)	484.803	(1.337.920)	(1.537.125)	190.370	(1.346.756)	(285.598)	294.434	8.836
Amortization		(675.273)	(675.273)		(419.678)	(419.678)		(255.596)	(255.596)
Business combinations	392.786	(192.362)	200.425	231.256	(148.414)	82.842	161.531	(43.948)	117.583
Net value 31st December 2023	**5.413.516**	**(1.418.858)**	**3.994.658**	**4.222.407**	**(1.011.974)**	**3.210.433**	**1.191.109**	**(406.884)**	**784.225**

As of December 31, 2023, 2022, 2021 and January 1, 2021, the Company has not identified indicators of lasting losses in value relating to right-of-use assets.

The following table shows the movements of lease liabilities for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December 2023**			**2023**			**31st December 2022**		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Increments**	**Business comb.**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Lease liabilities (property)	3.331.597	358.793	2.972.805	395.289	89.386	- 1.658.484	4.505.406	380.065	4.125.341
Lease liabilities (cars)	793.535	281.776	511.759	467.583	118.976	- 270.762	477.739	218.457	259.282
Total lease liabilities	**4.125.133**	**640.569**	**3.484.563**	**862.871**	**208.363**	**- 1.929.246**	**4.983.145**	**598.522**	**4.384.623**

(Euro)	**31st December 2022**			**2022**			**31st December 2021**		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Increments**	**Business comb.**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Lease liabilities (property)	4.505.406	380.065	4.125.341	976.943	299.019	- 341.775	3.571.219	267.663	3.303.556
Lease liabilities (cars)	477.739	218.457	259.282	301.842	22.189	- 252.108	405.815	192.095	213.720
Total lease liabilities	**4.983.145**	**598.522**	**4.384.623**	**1.278.785**	**321.208**	**- 593.883**	**3.977.034**	**459.758**	**3.517.276**

(Euro)	**31st December 2021**			**2021**			**1ts January 2021**		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Increments**	**Business comb.**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Lease liabilities (property)	3.571.219	267.663	3.303.556	-	-	- 259.867	3.831.086	259.867	3.571.219
Lease liabilities (cars)	405.815	192.095	213.720	179.675	-	- 176.988	403.129	156.223	246.905
Total lease liabilities	**3.977.034**	**459.758**	**3.517.276**	**179.675**	**-**	**- 436.855**	**4.234.215**	**416.091**	**3.818.124**

Increments in lease liabilities refer to new RoU assets in the period, business combinations refer to the value of lease liabilities from companies acquired in the period and repayments refer to decrements of lease liabilities and transfer of lease liabilities to third parties, as in 2023 to Brick S.r.l. in the context of the Company demerger as explained in Note 6.3.

For lease liability, the interest rate was determined on the basis of the Company's marginal financing rate, i.e. the rate that it would have to pay for a loan with a similar duration and guarantees to obtain an asset of similar value to the substantial asset in the right of use in a similar economic context.

The Company determined a discount rate equal to 3,0% for the years 2021 and 2022 and equal to 5,15% for 2023, given the increase in base interest rates in the period.

6.3 Tangible assets

The following table shows the composition of tangible assets for the years ended 31 December 2023, 2022 and 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Buildings	70.957	265.585	274.075	18.454
Plant and machinery	175.892	22.650	6.292	23.124
Other tangibles	541.224	257.076	187.046	214.188
Total tangibles	**788.073**	**545.310**	**467.413**	**255.766**

Buildings refer to offices and parking spaces, plant and machinery mainly refer to internal system such as electrical, air conditioning and telephone systems, whereas other tangibles include furniture, hardware and company vehicles.

The following table shows the movements of tangible assets for the years ended 31 December 2023, 2022 and 2021.

(Euro)	Total			Buildings			Plant and machinery			Other tangibles		
	Gross value	Accum. Depr.	Net Value	Gross value	Accum. Depr.	Net Value	Gross value	Accum. Depr.	Net Value	Gross value	Accum. Depr.	Net Value
Net value 1st January 2021	**1.693.065**	**(1.437.299)**	**255.766**	**27.685**	**(9.231)**	**18.454**	**253.295**	**(230.171)**	**23.124**	**1.412.085**	**(1.197.897)**	**214.188**
Investments	349.921		349.921	270.000		270.000	3.280		3.280	76.641		76.641
Decreases and reclassifications	(93.978)	63.288	(30.691)	(14.685)	4.968	(9.717)	0	(342)	(342)	(79.293)	58.662	(20.632)
Depreciation		(129.959)	(129.959)		(4.662)	(4.662)		(19.770)	(19.770)		(105.527)	(105.527)
Business combinations	77.061	(54.686)	22.375			0			0	77.061	(54.686)	22.375
Net value 31st December 2021	**2.026.069**	**(1.558.656)**	**467.413**	**283.000**	**(8.925)**	**274.075**	**256.575**	**(250.283)**	**6.292**	**1.486.494**	**(1.299.448)**	**187.046**
Investments	120.425		120.425	0		0	10.558		10.558	109.867		109.867
Decreases and reclassifications	(28.861)	28.865	4	0	0	0	0	151	151	(28.861)	28.714	(147)
Depreciation		(147.311)	(147.311)		(8.490)	(8.490)		(9.826)	(9.826)		(128.995)	(128.995)
Business combinations	693.332	(588.552)	104.779			0	119.320	(103.845)	15.475	574.012	(484.707)	89.305
Net value 31st December 2022	**2.810.965**	**(2.265.654)**	**545.310**	**283.000**	**(17.415)**	**265.585**	**386.453**	**(363.803)**	**22.650**	**2.141.512**	**(1.884.436)**	**257.076**
Investments	141.865		141.865	0		0	16.972		16.972	124.892		124.892
Decreases and reclassifications	(361.326)	98.829	(262.498)	(283.000)	25.905	(257.095)	0	0	0	(78.326)	72.924	(5.403)
Depreciation		(167.981)	(167.981)		(8.522)	(8.522)		(20.780)	(20.780)		(138.679)	(138.679)
Business combinations	1.274.493	(743.117)	531.377	83.957	(12.968)	70.989	366.545	(209.495)	157.050	823.991	(520.653)	303.338
Net value 31st December 2023	**3.865.996**	**(3.077.923)**	**788.073**	**83.957**	**(13.000)**	**70.957**	**769.970**	**(594.079)**	**175.892**	**3.012.069**	**(2.470.845)**	**541.224**

On 27 December 2023, the Company executed a partial and proportional demerger of entire real estate assets.

The purpose of the Demerger was to separate the two activities in which the Company was engaged, thereby enabling: (i) the simplification of the corporate structure, allowing the Company to concentrate its commitments on only its characteristic industrial and commercial activities; (ii) the reduction of the business risk, since the same is now spread over two different companies, which by their very nature present different levels of potential risk; (iii) the optimization and better control of the profitability of the activities and their development; and (iv) the easier entry of potential shareholders. Brick quotas are allocated to the shareholders of the Company.

The demerger concerned the real estate assets of the Company, four offices and nine parking spaces located in Milan; two offices and one garage located in Turin, for a total gross amount of Euro 283 thousand.

Investments in tangible assets for the years ended 31 December 2021, 2022 and 2023, respectively equal to Euro 350 thousand, Euro 120 thousand and Euro 142 thousand, are mainly attributable, in order of importance, purchase of two offices and one garage located in Turin for the amount of Euro 270 thousand in 2021 and to machinery, equipment and electronic office machines.

The net value of tangible assets disposed of in the years ended December 31, 2023, 2022 and 2021 is of an immaterial amount.

During the financial years under review, no indications emerged of possible losses in value with reference to tangible assets.

As of December 31, 2023, 2022, 2021 and January 1, 2021, there are no property assets encumbered by any type of guarantee given in favor of third parties.

6.4 Equity investments and other non-current assets

The following table shows the composition of equity investments and other non-current assets for the years ended 31 December 2023, 2022 and 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Investments accounted using equity method	-	-	134.105	46.587
Other equity investments	23.000	55.306	23.000	23.013
Other non-current assets	64.617	31.480	27.910	33.417
Total equity investments and other non-current assets	**87.617**	**86.786**	**185.015**	**103.017**

The investments accounted for using the equity method at the beginning of 2021 refer to AIS Team Srl, a company participated by SYS-DAT Verona Srl and then dismissed during the year. During 2021, the Company acquired 35% of Humatics Srl, a company based in Verona, then increased to 70% in 2022, moving from equity method accounting to controlled subsidiary and thus consolidated.

Other equity investments refer to older non-material equity investments including G.L. Italia Srl, with which the Company has a commercial agreement to distribute products based on the Golden Lake platform, Nav-Lab Srl, a group supplier of Microsoft products. In 2022 the company deconsolidated Rentys Srl, a company in the car short-term lease space, as the activity is non-core.

Other non-current assets include various security deposits related to utilities and real estate rentals.

6.5 Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities derive from the temporary differences between the value attributed to an asset or liability in the balance sheet and the value attributed to that same asset or liability for tax purposes.

The following table shows the statement of deferred tax assets as of 31 December 2023, 2022 and 2021 and as of 1 January 2021.

(Euro)	**31st December 2023**	**31st December 2022**	**31st December 2021**	**1st January 2021**
DTA on intangibles	170.178	145.713	136.086	144.724
DTA on provisions	237.370	365.742	337.740	305.798
DTA on director compensation	153.096	78.680	5.811	-
Other DTA	54.837	56.420	84.414	84.005
Total deferred tax assets	**615.481**	**646.555**	**564.050**	**534.527**

Deferred tax assets were recognized as it is considered probable that taxable income will be generated against which they can be used.

Deferred tax assets on intangibles include DTAs on leases as per IFRS 16, goodwill, and reversals of certain elements such as goodwill amortization, installation and expansion costs, and software revaluation as per IAS 38.

On the last point, during 2021, deferred tax assets of Euro 169 thousand were recognized relating to the tax benefit deriving from the revaluation pursuant to the provisions of article 110 of Legislative Decree 104/2020 (converted with amendments by Law 126/2020) of software assets (Euro 3.931 thousand) and participations in subsidiaries (Euro 1.690 thousand) occurred in the financial statements as at 31 December 2020 approved according to national accounting standards and subject to derecognition upon first-time adoption of EU-IFRS.

The amount indicated, supported by a specific appraisal drawn up by an external source, was recorded in the assets as an increase in intangible assets in the financial statements as at 31 December 2020 approved according to national accounting standards. This revaluation was subject to derecognition upon first-time adoption of the EU-IFRS as it cannot be detected by the IAS-Adopter as required by the legislation itself.

The Company has made use of the right to obtain recognition for tax purposes of the greater value attributed during the revaluation by paying the substitute tax envisaged by Italian law at 3%. This benefit will remain with the Company despite the reversal of the revaluation upon first-time adoption of the EU-IFRS.

Deferred tax assets on provisions include DTAs on employee benefits and director retirement benefits (TFM) as per IAS 19, and provisions on risks and doubtful accounts.

Deferred tax assets on director compensation refer to delayed compensation, usually in the form of variable components, paid in the following year.

Other deferred tax assets include DTAs for financial assets and liabilities, mainly related to reversal of revaluations of participations in subsidiaries and real estate, subject to derecognition upon first-time adoption of the EU-IFRS.

The following table indicates the changes for the deferred tax assets for the years 2023, 2022 and 2021.

(Euro)	31st December			31st December			31st December			1st January
	2023	Increments	Decrements	2022	Increments	Decrements	2021	Increments	Decrements	2021
DTA on intangibles	170.178	49.805	- 25.340	145.713	38.690	- 29.063	136.086	15.859	- 24.497	144.724
DTA on provisions	237.370	151.475	- 279.847	365.742	213.549	- 185.546	337.740	36.710	- 4.768	305.798
DTA on director compensation	153.096	150.314	- 75.898	78.680	77.478	- 4.609	5.811	5.811	-	-
Other DTA	54.837	3.400	- 4.983	56.420	4.925	- 32.919	84.414	409	-	84.005
Total deferred tax assets	**615.481**	**354.994**	**- 386.068**	**646.555**	**334.642**	**- 252.138**	**564.050**	**58.788**	**- 29.265**	**534.527**

The following table shows the statement of deferred tax liabilities as of 31 December 2023, 2022 and 2021 and as of 1 January 2021.

(Euro)	31st December	31st December	31st December	1st January
	2023	2022	2021	2021
DTL on intangibles	1.709.211	1.020.618	369.887	-
DTL on provisions	80.641	118.874	3.171	161
Other DTL	3.790	3.211	3.580	628
Total deferred tax liabilities	**1.793.642**	**1.142.703**	**376.637**	**788**

Deferred tax liabilities on intangibles include DTLs on software assets from purchase price allocation of acquired companies capitalizations of software development costs, and leases as per IFRS 16.

Deferred tax liabilities on provisions include DTLs on employee benefits and director retirement benefits (TFM) as per IAS 19, and provisions on risks and doubtful accounts.

Other deferred tax liabilities include DTLs for financial assets and liabilities.

The following table indicates the changes for the deferred tax liabilities for the years 2023, 2022 and 2021.

(Euro)	31st December			31st December			31st December			1st January
	2023	Increments	Decrements	2022	Increments	Decrements	2021	Increments	Decrements	2021
DTL on intangibles	1.709.211	1.068.939	- 380.346	1.020.618	874.636	- 223.904	369.887	439.206	- 69.320	-
DTL on provisions	80.641	10.434	- 48.666	118.874	117.333	- 1.630	3.171	3.010	-	161
Other DTL	3.790	1.263	- 684	3.211	500	- 869	3.580	2.952	-	628
Total deferred tax liabilities	**1.793.642**	**1.080.635**	**- 429.696**	**1.142.703**	**992.468**	**- 226.403**	**376.637**	**445.168**	**- 69.320**	**788**

6.6 Inventories

The inventories at 31 December 2023, 2022 and 2021 and at 1 January 2021 were respectively Euro 194 thousand, Euro 91 thousand, Euro 86 thousand and Euro 56 thousand and they are mainly software licenses and minimal hardware.

(Euro)	31st December			1st January
	2023	2022	2021	2021
Finished products and goods	194.184	90.796	86.392	56.182
Inventories write down provision	-	-	-	-
Inventories	**194.184**	**90.796**	**86.392**	**56.182**

6.7 Trade receivables

The following table shows the detailed statement of trade receivables as of 31 December 2023, 2022 and 2021 and as of 1 January 2021.

(Euro)	31st December			1st January
	2023	2022	2021	2021
Trade receivables from customers	16.778.678	13.322.062	8.043.944	7.664.811
Trade receivables from other related parties	36.314	9.339	8.580	62.604
Gross trade receivables	16.814.992	13.331.401	8.052.523	7.727.415
Provision for trade receivables	799.528	916.851	295.322	309.205
Trade receivables	**16.015.464**	**12.414.550**	**7.757.201**	**7.418.211**

The trend in "Trade receivables" recorded in the financial year 2022 compared to the financial year 2022 is mainly attributable to the combined effect of the change of the consolidation area and the organic growth.

It is believed that the book value of trade receivables approximates the relative *fair value* in all reference years. For trade receivables from related parties, please refer to Section 8 of this document.

The following table provides a breakdown of trade receivables at 31 December 2023, 2022 and 2021 grouped by overdue bands, net of the provision for bad debts.

(Euro)	31 December 2023	due	30 days overdue	30-180 days overdue	181-270 days overdue	271-360 days overdue	over 360 days overdue
Trade receivables from third parties	16.592.490	11.179.376	1.883.142	1.810.574	839.750	477.615	402.033
Trade receivables in dispute	284.248	2.735	2.056	(6)	29.665	23.488	226.311
Invoices and credit notes to be issued	(61.746)	(61.746)	0	0	0	0	0
Trade receivables gross of the provision for bad debts	**16.814.992**	**11.120.365**	**1.885.197**	**1.810.568**	**869.415**	**501.102**	**628.344**
Provision for trade receivables	799.528	40.420	4.732	13.035	155.556	138.941	446.843
rade receivables	**16.015.464**	**11.079.945**	**1.880.465**	**1.797.534**	**713.859**	**362.161**	**181.501**

(Euro)	31 December 2022	due	30 days overdue	30-180 days overdue	181-270 days overdue	271-360 days overdue	over 360 days overdue
Trade receivables from third parties	12.816.143	8.062.005	1.758.476	1.991.072	448.752	198.407	357.432
Trade receivables in dispute	353.914	58.582	22.784	197.108	75.440	0	0
Invoices and credit notes to be issued	161.344	161.344	0	0	0	0	0
Trade receivables gross of the provision for bad debts	**13.331.401**	**8.281.931**	**1.781.260**	**2.188.180**	**524.192**	**198.407**	**357.432**
Provision for trade receivables	916.851	97.984	30.788	206.170	232.503	99.204	250.202
Total trade receivables	**12.414.550**	**8.183.947**	**1.750.472**	**1.982.009**	**291.689**	**99.204**	**107.230**

(Euro)	31 December 2021	due	30 days overdue	30-180 days overdue	181-270 days overdue	271-360 days overdue	over 360 days overdue
Trade receivables from third parties	7.987.767	5.883.557	744.866	864.692	144.999	122.996	226.658
Trade receivables in dispute	0	0	0	0	0	0	0
Invoices and credit notes to be issued	64.756	64.756	0	0	0	0	0
Trade receivables gross of the provision for bad debts	**8.052.523**	**5.948.313**	**744.866**	**864.692**	**144.999**	**122.996**	**226.658**
Provision for trade receivables	295.322	19.245	2.392	2.777	50.750	61.498	158.661
Total trade receivables	**7.757.201**	**5.929.068**	**742.474**	**861.915**	**94.249**	**61.498**	**67.998**

It should be noted that the amount overdue beyond 365 days amounts to Euro 657 thousand, Euro 357 thousand and Euro 227 thousand respectively at 31 December 2023 and 31 December 2021.

The bad debt provision accurately reflects the assessments made by the Issuer in application of IFRS 9 by overdue band, consistently reflected in the years under review; this estimate also reflects the historical component of ECL. The different percentage of coverage of the bad debt provision with respect to receivables overdue more than 180 days in the two reporting periods is substantially connected to a specific provision made in FY 2022 in order to cover a dispute that arose in the same year and shown under "Trade receivables in dispute" class.

Days of sales outstanding (DSO) for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 are, 80 days, 98 days and 103 days. The increase of DSO in 2022 is mainly driven by a new acquired company within the year.

The following table provides a breakdown of the trade receivables and percentage against total trade receivables at 31 December 2023, 2022 and 2021 for the first customer, the first 5 and first 10 customers.

(Euro)	31 December 2023	% of 2023 trade receivables	31 December 2022	% of 2022 trade receivables	31 December 2021	% of 2021 trade receivables
First customer	522.572	3,3%	353.913	2,9%	313.517	4,0%
First 5 customers	1.748.698	10,9%	1.268.134	10,2%	863.987	11,1%
First 10 customers	2.812.956	17,6%	2.030.574	16,4%	1.424.623	18,4%

It should be noted that the amount overdue beyond 365 days amounts to Euro 657 thousand, Euro 357 thousand and Euro 227 thousand respectively at 31 December 2023 and 31 December 2021.

The following table provides a breakdown at 31 December 2023, 2022 and 2021 of trade receivables between Italy, European Union and UK and Rest of the world.

(Euro)	31 December 2023	31 December 2022	31 December 2021
Italy	16.394.036	12.717.237	7.715.541
European Union and UK	115.266	319.210	153.178
Rest of the world	305.690	294.954	183.804
Trade receivables	**16.814.992**	**13.331.401**	**8.052.523**

It should be noted that almost the entirety of the trade receivables are from Italy.

Trade receivables are subject to impairment on the basis of IFRS 9. For the purposes of the valuation process, trade receivables are divided into overdue ranges. The assessment was carried out on the basis of losses recorded for assets with similar credit risk characteristics based on historical experience. The expected credit loss (ECL) was then calculated at 0,3%, 0.5%, 0.3% and 0,2% as of 31 December 2023, 2022, 2021 and 1 January 2021 respectively, using a rolling average of historical losses stratified by year of credit generation. This standard ECL was applied to loans deemed to be low risk, while increasing percentages of potential losses were applied to loans with higher aging ranges, adjusting the result with relevant assessments in the presence of specific identifiable risks.

The following tables shows the provision for trade receivables and the movements in the provision for doubtful trade receivables for the years ended 31 December 2021, 2022 and 2023.

Euro thousand	**1 January 2021**	**Fund increments**	**Fund releases**	**Used fund**	**Adjustments**	**31 December 2021**
Provision for trade receivables	309.205	20.357	(34.922)	0	683	295.322
Provision for trade receivables	**309.205**	**20.357**	**(34.922)**	**0**	**683**	**295.322**

Euro thousand	**31 December 2021**	**Fund increments**	**Fund releases**	**Used fund**	**Adjustments**	**31 December 2022**
Provision for trade receivables	295.322	1.006.683	(332.647)	(52.507)	0	916.851
Provision for trade receivables	**295.322**	**1.006.683**	**(332.647)**	**(52.507)**	**0**	**916.851**

Euro thousand	**31 December 2022**	**Fund increments**	**Fund releases**	**Used fund**	**Adjustments**	**31 December 2023**
Provision for trade receivables	916.851	464.627	(202.036)	(379.914)	0	799.528
Provision for trade receivables	**916.851**	**464.627**	**(202.036)**	**(379.914)**	**0**	**799.528**

6.8 Activities for work in progress on order / Advance payments on work in progress

The assets for work in progress on order, equal to Euro 1.674 thousand, Euro 323 thousand, Euro 158 thousand respectively at 31 December 2023, 2022 and 2021, refer mainly to the inventories of work in progress of multi-year contracts.

Assets for contract work in progress are exposed gross of future losses yet to accrue, which are classified among the provisions for risks and charges.

The following table illustrates the net book value of contract work in progress assets and related advance payments for work in progress in the years 2021, 2022 and 2023.

(Euro)	**31st December**			**1st January**			
	2023	**2022**	**2021**	**2021**	**Delta 2023 2022**	**Delta 2022 2021**	**Delta 2021 2020**
Activities for work in progress on order	1.699.430	335.843	186.679	-	1.363.587	149.164	186.679
Advance payments for work in progress	1.783.180	694.589	409.667	-	1.088.592	284.921	409.667

The growth of activities for work in progress on order and related advance payments from customers reflect the Company's increasing use of fixed price contracts, where services are sold as a fixed-price project instead of time and material consulting and development services that still constitute the majority of the business.

The following table details the composition of contract work in progress assets in the years 2021, 2022 and 2023, following the same approach as the movements of R&D activities.

(Euro)	**31st December**		
	2023	**2022**	**2021**
ERP	819.529	187.236	153.786
Add-on SAP	520.600	102.602	8.700
CRM	9.753	7.696	-
Retail	182.832	2.386	4.839
Other	166.716	35.923	19.354
Activities for work in progress on order	**1.699.430**	**335.844**	**186.679**

The growth of activities for work in progress on order is particularly relevant for customers with big ERP projects, thus pushing an increase in the activities for ERP and SAP product areas. At the same time, a push of the Company towards bigger projects on the Retail area has increased the activities for work in progress on order in that area from Euro 2 thousand at 31 December 2022 to Euro 183 thousand at 31 December 2023.

6.9 Other credits and current activities

The following table shows the detailed statement of other receivables and current assets as of 31 December 2023, 2022 and 2021 and as of 1 January 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Tax credits	344.673	109.093	1.236.311	462.895
Other credits	405.697	100.206	527.950	887.437
Current financial assets	4.633.409	4.290.670	2.163.992	1.562.380
Other current assets	1.589.650	1.173.773	550.321	379.058
Other credits and current activities	**6.973.429**	**5.673.742**	**4.478.573**	**3.291.770**

Tax credit are related to the operations and they are equal to Euro 344 thousand at 31 December 2023, Euro 109 thousand at 31 December 2022, Euro 1236 thousand at 31 December 2021 and 463 thousand at 01 January 2021.

The following table shows the detailed statement of other credits as of 31 December 2023, 2022 and 2021 and as of 1 January 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Employees credits	117.255	64.260	44.527	40.595
Credits on equity sales	-	10.000	402.131	742.308
IPO project deferred costs	253.255	-	-	-
Other credits	35.187	25.946	81.292	104.534
Other credits	**405.697**	**100.206**	**527.950**	**887.437**

The following table shows the detailed statement of current financial assets as of 31 December 2023, 2022 and 2021 and as of 1 January 2021, measured at fair value through profit and loss (FVTPL).

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Investments in shares	-	294.496	-	-
Investments in bonds	2.815.895	1.621.776	-	-
Investments in funds	1.298.586	2.374.398	1.010.548	430.934
Investments in insurance funds	518.928	-	1.153.443	1.131.446
Current financial assets	**4.633.409**	**4.290.670**	**2.163.992**	**1.562.380**

The following table shows the detailed statement of other current assets as of 31 December 2023, 2022 and 2021 and as of 1 January 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Cost accruals	26.516	193	7.875	11
Prepaid expenses	1.563.134	1.173.580	542.446	379.047
Other current assets	**1.589.650**	**1.173.773**	**550.321**	**379.058**

Prepaid expenses refer to maintenance and outsourcing fees with economic costs in future periods.

6.10 Cash and cash equivalents

The following table shows the detailed statement of liquid assets as of 31 December 2023, 2022 and 2021 and as of 1 January 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Bank deposits	14.415.146	13.856.833	15.741.405	11.363.630
Cash and cash equivalents	21.951	10.024	11.622	10.297
Total cash and cash equivalents	**14.437.097**	**13.866.857**	**15.753.026**	**11.373.927**

In the periods under review, cash and cash equivalents are not subject to restrictions or constraints.

See the cash flow statement for changes in cash and cash equivalents during the years under review.

The following table details the credit lines with banks within the periods and the related outstanding debt, which is zero at the end of all periods. As of 31 December 2023, one bank account had a negative balance of Euro 581 as overdraft, not included in the table below.

				Oustanding debt 31st December		
Cash loans / Overdraft	**Credit line**	**Starting date**	**End date**	**2023**	**2022**	**2021**
SYS-DAT SpA - Unicredit	500.000	2016	active	0	0	0
SYS-DAT SpA - Credit Agricole	820.000	2009	active	0	0	0
SYS-DAT SpA - Intesa SanPaolo	570.000	before 2000	active	0	0	0
SYS-DAT SpA - Credito Emiliano	610.000	2014	active	0	0	0
SYS-DAT SpA - Banca Popolare di Sondrio	160.000	2011	active	0	0	0
SYS-DAT Bari - Intesa SanPaolo	60.000	2002	31/12/2023	0	0	0
SYS-DAT Bari - BNL	15.000	2002	31/12/2023	0	0	0
SYS-DAT Napoli - BNL	10.000	2020	31/12/2023	0	0	0
SYS-DAT Retail - Creval	10.000	2013	31/12/2023	0	0	0
Elab - Intesa SanPaolo	300.000	2000	31/12/2023	0	0	0
Elab - BPSO	115.000	2000	31/12/2023	0	0	0
Elab - Creval	100.000	2000	31/12/2023	0	0	0
Modasystem Srl - Intesa SanPaolo	50.000	2017	active	0	0	0
Hars Srl - BPER Banca	100.000	2015	active	0	0	0
Hars Srl - Banco BPM	25.000	2015	active	0	0	0
Nekte-Intesa SanPaolo	150.000	2011	13/03/2023	0	0	0
Nekte-Intesa SanPaolo	100.000	2011	active	0	0	0
NEKTE SRL - BANCO POP MI	120.000	1998	active	0	0	0
Emmedata-Bcc Marche	10.000	20/12/2022	active	0	0	0
Sisolution-BPM	350.000	2014	active	0	0	0
Sisolution-Unicredit	150.000	2.014	active	0	0	0
Total	**4.325.000**			**0**	**0**	**0**

6.11 Net assets

The following table shows the detailed statement of net assets at 31 December 2023, 2022 and 2021 and at 1 January 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Share Capital	1.015.000	1.015.000	1.015.000	1.015.000
Share premium reserves	60.000	60.000	60.000	60.000
Other reserves	1.120.877	1.065.142	1.009.410	803.001
Reserves from FTA	543.619	543.619	543.619	543.619
Reserves from OCI	142.722	221.573	- 184.535	-
Profits (losses) carried forward	12.002.827	9.220.007	6.487.282	5.942.388
Profit (loss) for the financial year of the parent company	4.232.371	3.676.628	3.595.440	2.080.144
Total equity of the parent company	**19.117.415**	**15.801.969**	**12.526.217**	**10.444.152**

The following table shows the reconciliation between Net results and Net equity as per the SYS-DAT S.p.A. accounts and as per consolidated accounts for the years ended at 31 December 2023, 2022 and 2021.

(Euro)	Net Result as of 31st December			Net Equity as of 31st December		
	2023	2022	2021	2023	2022	2021
Amounts as per SYS-DAT S.p.A. accounts	2.382.857	2.484.608	2.102.848	14.823.792	13.351.953	11.259.483
Difference between net book value and net equity of subsidiaries	-	-	-	-3.986.187	-3.026.065	-3.455.993
Net Result of subsidiaries	2.281.370	1.470.464	1.587.680	-	-	-
Surplus value of subsidiaries	-422.342	-212.353	-59.239	8.385.736	5.542.619	3.216.518
Reversal of dividends received	-	-	-9.000	-	-	-
Adjustments for subsidiaries accounted for using the equity method	-	-	518	-	-	17.105
Other consolidation adjustments	-146	-51.916	-901	64.969	94.993	1.669.678
Amounts as per consolidated accounts	**4.241.739**	**3.690.803**	**3.621.906**	**19.288.310**	**15.963.500**	**12.706.791**

The statement of changes in shareholders' equity is reported in the relevant section.

Share capital

As of December 31, 2023, the Company's share capital, fully subscribed and paid up, amounted to Euro 1.015 thousand.

EU-IFRS first adoption reserve

The reserve for the first adoption of EU-IFRS amounts to a balance of Euro 553 thousand in the periods in question, and represents the effects of the conversion from Italian accounting standards to EU-IFRS. Please refer to note 15 for information relating to the first-time application of the EU-IFRS.

Reserve for actuarial profits and losses

The actuarial profit and loss reserve includes profits and losses deriving from changes in the actuarial assumptions in relation to defined benefit plans. Please refer to Note 6.13

Other reserves

At 31 December 2023 they mainly include the reserve for unrealized exchange gains equal to Euro 16.343 thousand.

The following table shows the equity items, with specification of their origin, possibility of use and distribution, as well as their use in previous years.

	Amount at 31 December 2023	Type	Possible use	Available amount
Share capital	1.015.000	Share capital	---	-
Share premium reserve	60.000	Share capital	A, B, C	60.000
Legal reserve	203.000	Share capital	B	-
Reserves for future capital increases	178.006	Share capital	A	178.006
Other capital reserves	600.000	Share capital	A, B, C	600.000
Reserves for warrants	139.871	Income	A	139.871
Reserves for FTA	543.619	Income	---	-
Reserves for OCI	142.722	Income	---	-
Profits carried forward	6.757.620	Income	A, B, C	6.757.620
Retained earnings	5.245.206	Income	---	-
Total	14.885.044			7.735.497

The previous table provides the possibilities of use for each item as indicated below:

- A: for capital increase;
- B: to cover losses;
- C: for distribution to members;

6.12 Financial liabilities (current and non-current)

The following table shows the detailed statement of current and non-current financial liabilities as of 31 December 2023, 2022 and 2021 and as of 1 January 2021.

(Euro)	31st December						1st January	
	2023 current liabilities	**2023 non current liabilities**	**2022 current liabilities**	**2022 non current liabilities**	**2021 current liabilities**	**2021 non current liabilities**	**2021 current liabilities**	**2021 non current liabilities**
Bank loans	727.500	1.617.164	743.331	2.292.570	681.086	3.035.901	100.000	-
Lease liabilities	640.569	3.484.563	598.522	4.384.623	459.758	3.517.276	416.091	3.818.124
Liabilities for acquisitions	3.399.070	5.903.953	1.846.796	2.782.558	1.329.310	2.128.355	1.168.750	1.255.426
Shareholders loans	128.290	-	128.534	125.251	165.520	253.785	-	410.158
Other financial liabilies	14.505	18.828	14.075	30.495	8.361	56.734	100.625	-
Total current and non current financial liabilities	**4.909.934**	**11.024.509**	**3.331.258**	**9.615.497**	**2.644.035**	**8.992.051**	**1.785.466**	**5.483.709**

Bank loans are related to four financing agreements, listed in the table below, with the indication of lender and borrower and the main terms, and a detailed description follows.

(Euro)	Amount	Starting date	End date	Interest rate	State guarantee	Amount guaranteed
Intesa SanPaolo N.01C10112176 (SYS-DAT SpA)	3.500.000	29 Jan 2021	29 Jan 2027	0,45%	Banca del Mezzogiorno MedioCredito Centrale S.p.A.	90%
Unicredit N. 8799653 (Modasystem Srl)	150.000	09 April 2021	30 April 2026	1,20%	Banca del Mezzogiorno MedioCredito Centrale S.p.A.	90%
BNL N. 6154351 (SYS-DAT Bari Srl)	100.000	29 Oct 2020	29 Oct 2026	1,65%	Banca del Mezzogiorno MedioCredito Centrale S.p.A.	90%
Banco BPM N. 5524229 (SiSolution Srl)	200.000	11 Feb 2022	11 Feb 2026	1,45%	Banca del Mezzogiorno MedioCredito Centrale S.p.A.	80%

Financing agreement for Euro 3,500,000.00 entered into on 29 January 2021 between Sys-Dat and Intesa Sanpaolo S.p.A.

On 29 January 2021, the Company and Intesa Sanpaolo S.p.A. ("Intesa Sanpaolo") signed a financing agreement pursuant to which Intesa Sanpaolo granted the Company an amount of Euro 3,500,000.00 with a nominal annual interest rate of 0.45%. The Annual Percentage Rate (APR) was 0.57% at the date of signing. The default rate is set at the contractual rate of 0.45% per annum plus 2 percentage points. The financing agreement has a term of 72 months, expiring on 29 January 2027, and includes a pre-amortisation period of 12 monthly instalments and an amortisation period of 60 monthly instalments in arrears.

The financing agreement is covered by the guarantee of Banca del Mezzogiorno MedioCredito Centrale S.p.A. through the fund referred to in Article 2, paragraph 100, letter a) of Law No. 662 of 23 December 1996, as amended and supplemented (the "Fondo Centrale di Garanzia per le PMI"), for a percentage equal to 90% of its amount.

Financing agreement for Euro 150,000.00 entered into on 9 April 2021 between Modasystem and UniCredit S.p.A.

On 9 April 2021, Moda Solutions S.r.l. (company merged by incorporation into Modasystem by deed of merger of 18 November 2021) and UniCredit S.p.A. ("UniCredit") signed a financing agreement pursuant to which UniCredit granted Moda Solutions S.r.l. an amount of Euro 150,000.00 with a nominal annual interest rate of 1,20%. The Annual Percentage Rate (APR) was 1,31% at the date of signing. The default rate is set at the contractual rate in force at the time of default, increased by 2 percentage points per annum. The present financing agreement has a term of 60 months, expiring on 30 April 2026, and includes an amortisation period of 60 monthly instalments in arrears.

The financing agreement is covered by the guarantee of Banca del Mezzogiorno MedioCredito Centrale S.p.A. through the Fondo Centrale di Garanzia per le PMI for a percentage equal to 90% of its amount.

Financing agreement for Euro 100,000.00 entered into on 29 October 2020 between SYS-DAT Bari and Banca Nazionale del Lavoro S.p.A.

On 29 October 2020, SYS-DAT Bari S.r.l. (company merged by incorporation into SYS-DAT SpA by deed of merger dated 29 November 2022) and Banca Nazionale del Lavoro S.p.A. ("BNL") signed a financing agreement pursuant to which BNL granted SYS-DAT Bari S.r.l. an amount of Euro 100,000.00 with a nominal annual interest rate of 1,65%. The Annual Percentage Rate (APR) was 2,12% at the date of signing. The default rate is set at the contractual rate in force at the time of default, increased by 3 percentage points per annum. The present financing agreement has a term of 72 months, expiring on 29 October 2026, and includes a pre-amortisation period of 12 monthly instalments and an amortisation period of 60 monthly instalments in arrears.

The financing agreement was covered by the guarantee of Banca del Mezzogiorno MedioCredito Centrale S.p.A. through the Fondo Centrale di Garanzia per le PMI for a percentage equal to 90% of its amount.

It should be noted that the financing agreement between SYS-DAT Bari S.r.l. and BNL was entirely repaid by the Company after the incorporation into the Company on 29 November 2022.

Loan agreement for Euro 200,000.00 entered into on 11 February 2022 between SiSolution and BANCO BPM S.p.A.

On 11 February 2022, SiSolution and BANCO BPM S.p.A. ("BPM") signed a financing agreement pursuant to which BPM granted SiSolution an amount of Euro 200,000.00 with a nominal annual interest rate that can be monthly converted according to the frequency of the instalments: fixed for the entire duration of the loan at 0.9500% points above the 4-year interest rate swap. At the date of signing of the present financing agreement, the value of the interest rate benchmark was 0.50% and the interest rate was 1.45%. The Annual Percentage Rate (APR) at the date of subscription was 2.1482%. The default interest rate is set at the contractual interest rate applicable at the time of default plus 2 percentage points. The financing agreement has a term of 48 months, expiring on 11 February 2026.

The loan agreement is covered by the guarantee of Banca del Mezzogiorno MedioCredito Centrale S.p.A. through the Fondo Centrale di Garanzia per le PMI for a percentage equal to 80% of its amount.

The following tables show the movements of the aforementioned bank loans for the years ended 31 December 2023, 2022 and 2021.

(Euro)	31st December 2023			2023		31st December 2022		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Increments / Business comb.**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Intesa SanPaolo N.01C10112176 (SYS-DAT SpA)	2.163.773	697.624	1.466.149	-	693.733	2.857.506	693.733	2.163.773
Unicredit N. 8799653 (Modasystem Srl)	71.120	29.876	41.244	-	29.876	100.996	29.876	71.120
BNL N. 6154351 (SYS-DAT Bari Srl)	-	-	-	-	77.398	77.398	19.722	57.677
Banco BPM N. 5524229 (SiSolution Srl)	109.771	-	109.771	109.771	-	-	-	-
Total bank loans	**2.344.664**	**727.500**	**1.617.164**	**109.771**	**801.008**	**3.035.901**	**743.331**	**2.292.570**

The BNL loan was repaid by SYS-DAT SpA in 2023.The Banco BPM loan is part of a business combination, being a financing between Banco BPM and SiSolution Srl, acquired during 2023.

(Euro)	31st December 2022			2022		31st December 2021		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Increments / Business comb.**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Intesa SanPaolo N.01C10112176 (SYS-DAT SpA)	2.857.506	693.733	2.163.773	-	632.167	3.489.673	632.167	2.857.506
Unicredit N. 8799653 (Modasystem Srl)	100.996	29.876	71.120	-	29.520	130.516	29.520	100.996
BNL N. 6154351 (SYS-DAT Bari Srl)	77.398	19.722	57.677	-	19.399	96.798	19.399	77.398
Total bank loans	**3.035.901**	**743.331**	**2.292.570**	**-**	**681.086**	**3.716.987**	**681.086**	**3.035.901**

(Euro)	31st December 2021			2021		1st January 2021		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Increments / Business comb.**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Intesa SanPaolo N.01C10112176 (SYS-DAT SpA)	3.489.673	632.167	2.857.506	3.500.000	10.327	-	-	-
Unicredit N. 8799653 (Modasystem Srl)	130.516	29.520	100.996	150.000	19.484	-	-	-
BNL N. 6154351 (SYS-DAT Bari Srl)	96.798	19.399	77.398	-	3.202	100.000	100.000	-
Total bank loans	**3.716.987**	**681.086**	**3.035.901**	**3.650.000**	**33.013**	**100.000**	**100.000**	**-**

Lease liabilities refers to leases accounted for using IFRS 16 and detailed in Note 6.2

Liabilities for acquisitions refer to debt to shareholders or former shareholders of subsidiaries as future payments of the acquisition price.

The following tables detail the composition and movement of the outstanding debt for acquisitions.

(Euro)	**Amount**	**Starting date**	**End date**
SYS-DAT VERONA SRL	2.424.176	30 October 2020	30 April 2024
SYS-DAT Retail	126.000	29 June 2021	30 June 2023
E-LAB CONSULTING SRL	329.738	29 June 2021	30 June 2023
MODASYSTEM SRL	286.223	29 June 2021	30 June 2023
BTW INFORMATICA SRL	79.260	29 June 2021	30 June 2023
NEKTE SRL	220.000	29 June 2021	30 June 2023
HARS SRL	293.333	29 June 2021	30 June 2023
LOGIC ONE SRL	54.891	29 June 2021	30 June 2023
ATTUA SRL	631.381	15 February 2021	30 April 2024
B-ONE ON SITE SRL	61.413	27 January 2021	27 January 2023
OS2 (company branch)	120.000	27 October 2021	27 October 2023
SYS-DAT BARI SRL	216.000	07 July 2022	07 July 2024
HUMATICS SRL	167.647	12 July 2022	30 June 2025
EMMEDATA SRL	2.111.938	15 February 2022	30 June 2025
EQUALIS SRL	530.204	15 March 2023	30 June 2026
VCUBE SRL	2.776.830	11 May 2023	30 June 2026
SISOLUTION SRL	2.640.072	16 November 2023	30 April 2027
TRIZETA SRL	460.532	21 September 2023	30 April 2026
Total debt from acquisitions (historical)	13.529.638		

The amount indicated refers to the debt from the acquisition of each specific company, including fixed components and earn-out and net of the first payment at the signing of the deed of acquisitions.

Starting and ending dates refer to the contractual obligations started with the deed of acquisition and to the deadline for the last payment of the acquisition price.

(Euro)	31st December 2023			2023		31st December 2022		
	Outstanding debt	Current liabilities	Non-current liabilities	Adjustments / Business comb.	Repayments	Outstanding debt	Current liabilities	Non-current liabilities
SYS-DAT VERONA SRL	1.042.926	1.042.926	-	-	-	1.042.926	-	1.042.926
SYS-DAT Retail	-	-	-	-	63.000	63.000	63.000	-
E-LAB CONSULTING SRL	-	-	-	-	164.869	164.869	164.869	-
MODASYSTEM SRL	-	-	-	-	143.111	143.111	143.111	-
BTW INFORMATICA SRL	-	-	-	-	39.630	39.630	39.630	-
NEKTE SRL	-	-	-	-	110.000	110.000	110.000	-
HARS SRL	-	-	-	-	146.667	146.667	146.667	-
LOGIC ONE SRL	-	-	-	-	27.446	27.446	27.446	-
ATTUA SRL	172.414	172.414	-	- 33.000	100.000	305.414	200.000	105.414
B-ONE ON SITE SRL	-	-	-	-	30.707	30.707	30.707	-
OS2 (company branch)	-	-	-	-	60.000	60.000	60.000	-
SYS-DAT BARI SRL	108.000	108.000	-	-	108.000	216.000	108.000	108.000
HUMATICS SRL	167.647	18.403	149.244	-	-	167.647	73.367	94.280
EMMEDATA SRL	1.404.399	704.000	700.399	-	707.539	2.111.938	680.000	1.431.938
EQUALIS SRL	530.204	235.053	295.150	530.204				
VCUBE SRL	2.776.830	13.594	2.763.236	2.776.830				
SISOLUTION SRL	2.640.072	950.000	1.690.072	2.640.072				
TRIZETA SRL	460.532	154.680	305.852	460.532				
Total liabilities for acquisitions	**9.303.024**	**3.399.070**	**5.903.953**	**6.374.638**	**1.700.968**	**4.629.354**	**1.846.796**	**2.782.558**

In 2023 the Company and its subsidiaries acquired Equalis Srl, VCube S.r.l., Trizeta S.r.l. and SiSolution S.r.l. and earn-out for Attua S.r.l. were adjusted for results and reduced by Euro 33 thousand.

(Euro)	31st December 2022			2022		31st December 2021		
	Outstanding debt	Current liabilities	Non-current liabilities	Adjustments / Business comb.	Repayments	Outstanding debt	Current liabilities	Non-current liabilities
SYS-DAT VERONA SRL	1.042.926	-	1.042.926	-	212.500	1.255.426	212.500	1.042.926
SYS-DAT Retail	63.000	63.000	-	-	63.000	126.000	63.000	63.000
E-LAB CONSULTING SRL	164.869	164.869	-	-	164.869	329.738	164.869	164.869
MODASYSTEM SRL	143.111	143.111	-	-	143.111	286.223	143.111	143.111
BTW INFORMATICA SRL	39.630	39.630	-	-	39.630	79.260	39.630	39.630
NEKTE SRL	110.000	110.000	-	-	110.000	220.000	110.000	110.000
HARS SRL	146.667	146.667	-	-	146.667	293.333	146.667	146.667
LOGIC ONE SRL	27.446	27.446	-	-	27.446	54.891	27.446	27.446
ATTUA SRL	305.414	200.000	105.414	5.414	331.381	631.381	331.381	300.000
B-ONE ON SITE SRL	30.707	30.707	-	-	30.707	61.413	30.707	30.707
OS2 (company branch)	60.000	60.000	-	-	60.000	120.000	60.000	60.000
SYS-DAT BARI SRL	216.000	108.000	108.000	216.000				
HUMATICS SRL	167.647	73.367	94.280	167.647				
EMMEDATA SRL	2.111.938	680.000	1.431.938	2.111.938				
Total liabilities for acquisitions	**4.629.354**	**1.846.796**	**2.782.558**	**2.500.999**	**1.329.310**	**3.457.666**	**1.329.310**	**2.128.355**

In 2022 the Company acquired Emmedata Srl and additional stakes in SYS-DAT Bari Srl and Humatics Srl, and the price for Attua was adjusted in the amount of euro 5 thousand.

(Euro)	31st December 2021			2021		1st January 2021		
	Outstanding debt	Current liabilities	Non-current liabilities	Adjustments / Business comb.	Repayments	Outstanding debt	Current liabilities	Non-current liabilities
SYS-DAT VERONA SRL	1.255.426	212.500	1.042.926	-	1.168.750	2.424.176	1.168.750	1.255.426
SYS-DAT Retail	126.000	63.000	63.000	126.000				
E-LAB CONSULTING SRL	329.738	164.869	164.869	329.738				
MODASYSTEM SRL	286.223	143.111	143.111	286.223				
BTW INFORMATICA SRL	79.260	39.630	39.630	79.260				
NEKTE SRL	220.000	110.000	110.000	220.000				
HARS SRL	293.333	146.667	146.667	293.333				
LOGIC ONE SRL	54.891	27.446	27.446	54.891				
ATTUA SRL	631.381	331.381	300.000	631.381				
B-ONE ON SITE SRL	61.413	30.707	30.707	61.413				
OS2 (company branch)	120.000	60.000	60.000	120.000				
Total liabilities for acquisitions	**3.457.666**	**1.329.310**	**2.128.355**	**2.202.240**	**1.168.750**	**2.424.176**	**1.168.750**	**1.255.426**

In 2021 the Company and its subsidiaries acquired Attua Srl, a company branch from OS2 Srl, and additional stakes in SYS-DAT Retail Srl, E-lab Consulting Srl, Modasystem Srl, BTW Informatica Srl, Nekte Srl, Hars Srl, Logic One Srl and B-One On Site Srl. In 2020 the Company acquired SYS-DAT Verona Srl.

Shareholders loan refer to one historical shareholders loan of SYS-DAT Verona, one of the controlled companies, accounted for at fair value, as detailed below with its movements.

(Euro)	Cash Amount	Discounted value	Starting date	End date	Interest rate
Shareholders loan	798.110	717.964	02 November 2016	15 January 2024	2,23%

(Euro)	31st December 2023			2023		31st December 2022		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Interest**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Shareholders loan	128.290	128.290	-	2.563	128.058	253.785	128.534	125.251

(Euro)	31st December 2022			2022		31st December 2021		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Interest**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Shareholders loan	253.785	128.534	125.251	5.071	170.590	419.305	165.520	253.785

(Euro)	31st December 2021			2021		1st January 2021		
	Outstanding debt	**Current liabilities**	**Non-current liabilities**	**Interest**	**Repayments**	**Outstanding debt**	**Current liabilities**	**Non-current liabilities**
Shareholders loan	419.305	165.520	253.785	9.147	-	410.158	-	410.158

Other financial liabilities refer to other financing of non-material amount, mostly referring to financing to purchase tangible assets (cars) and include the balance of five business credit card with an average credit line of euro 11 thousand and with an outstanding debt of euro 15 thousand, 14 thousand and 8 thousand as of 31 December 2023, 2022 and 2021 respectively.

6.13 Funds for employee benefits

The following table shows the composition and movements of provisions for employee benefits for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**Severance pay (TFR)**
1st January 2021	**4.230.156**
Current service cost	449.830
Interest cost	-816
Transfers and payments	-157.771
Actuarial gains and losses	257.090
31st December 2021	**4.778.490**
Acquisitions initial value	896.213
Current service cost	609.569
Interest cost	22.129
Transfers and payments	-366.864
Actuarial gains and losses	-507.149
31st December 2022	**5.432.389**
Acquisitions initial value	606.653
Current service cost	682.905
Interest cost	299.442
Transfers and payments	-455.645
Actuarial gains and losses	96.049
31st December 2023	**6.661.793**

The provisions relating to personnel represent the estimate of the obligation, determined based on actuarial techniques, relating to the amount to be paid to employees upon termination of the employment relationship.

At December 31, 2023, 2022 and 2021 and at January 1, 2021, the provisions for employee benefits refer to the Staff leaving indemnity provision set aside for employees.

Staff leaving indemnity provision

Employee benefits relating to severance pay amount to Euro 929 thousand, Euro 710 thousand and Euro 486 thousand respectively at 31 December 2023, 2022 and 2021 and at 1 January 2021.

The value of the debt for Staff leaving indemnity provision, which falls within the definition of defined benefit plans according to IAS 19, was determined according to actuarial logic. Below are the main actuarial, financial and demographic hypotheses used to determine the value of the liability at 31 December 2023, 2022 and 2021 and at 1 January 2021 in accordance with the provisions of IAS 19.

(Euro)	**31st December**			**1st January**
	2023	**2022**	**2021**	**2021**
Annual rate of actualisation	3,06%	3,63%	0,44%	-0,02%

Annual rate of inflation	2,00%	2,30%	1,75%	0,80%
Annual rate of Staff leaving indemnity provision increase	3,00%	3,23%	2,81%	2,10%
Annual rate of salary increase	0,50%	0,50%	0,50%	0,50%

Death	Mortality tables RG48 published by Ragioneria Generale dello Stato
Permanent disabilities	INPS tables by age and gender
Retirement	100% based on AGO requirements satisfaction
Probability of Staff leaving indemnity provision anticipation	2,0%
Turn over rate	11%

The following table summarizes the sensitivity analysis for each actuarial, financial and demographic hypothesis, showing the effects (in absolute value) that would have occurred following changes in the actuarial hypotheses reasonably possible at 31 December 2023.

(Euro)	31st December		
	2023	**2022**	**2021**
Turnover +1%	6.665.083	5.444.000	4.758.735
Turnover -1%	6.656.783	5.419.372	4.843.446
Inflation rate +0,25%	6.732.758	5.490.331	4.859.536
Inflation rate -0,25%	6.591.067	5.375.380	4.739.305
Actualization rate +0,25%	6.569.725	5.357.571	4.718.781
Actualization rate -0,25%	6.755.419	5.509.210	4.881.406

The table below shows the estimate of expected payments (in nominal value) as of 31 December 2023 relating to severance pay in future years.

(Euro)	31st December		
	2023	**2022**	**2021**
Year +1	1.225.423	864.119	606.828
Year +2	976.575	816.126	580.509
Year +3	913.384	841.790	592.234
Year +4	876.431	727.223	593.583
Year +5	867.501	683.682	518.811

6.14 Provisions for risks and liabilities

The following table shows the composition and movements of the provisions for risks and liabilities for the years ended 31 December 2023, 2022 and 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Provisions for retirement benefits	314.682	231.888	396.645	375.134
Other provisions	15.664	10.958	159.852	220.249
Total provisions for risks and liabilities	**330.346**	**242.846**	**556.497**	**595.382**

The provisions relating to retirement benefits represent the estimate of the obligation, determined based on actuarial techniques, relating to the amount to be paid to directors upon termination of the relationship.

Directors Retirement Benefits (TFM)

Directors retirement benefits amount to Euro 315 thousand, Euro 232 thousand, Euro 397 thousand and Euro 375 thousand respectively at 31 December 2023, 2022 and 2021 and at 1 January 2021.

(Euro)	**Retirement benefits**
1st January 2021	**375.134**
Current service cost	34.669
Interest cost	-75
Transfers and payments	0
Actuarial gains and losses	-13.083
31st December 2021	**396.645**
Acquisitions initial value	0
Current service cost	67.490
Interest cost	827
Transfers and payments	-206.092
Actuarial gains and losses	-26.981
31st December 2022	**231.888**
Acquisitions initial value	24.896
Current service cost	41.265
Interest cost	8.920
Transfers and payments	0
Actuarial gains and losses	7.712
31st December 2023	**314.682**

The value of the debt for TFM, which falls within the definition of defined benefit plans according to IAS 19, was determined according to actuarial logic. Below are the main actuarial, financial and demographic hypotheses used to determine the value of the liability at 31 December 2023, 2022 and 2021 and at 1 January 2021 in accordance with the provisions of IAS 19.

(Euro)	**31st December**			**1st January**
	2023	**2022**	**2021**	**2021**
Annual rate of actualisation	3,06%	3,63%	0,44%	-0,02%

Death	Mortality tables RG48 published by Ragioneria Generale dello Stato
Permanent disabilities	INPS tables by age and gender
Retirement	100% based on AGO requirements satisfaction

Other provision, equal to Euro 16 thousand as of 31 December 2023 (Euro 11 thousand as of 31 December 2022, Euro 160 thousand as of 31 December 2021) refers to two components: Commercial Agents’ severance pay, equal to a Euro 16 thousand as of 31 December 2023 (Euro 11 thousand as of 31 December 2022, Euro 10 thousand as of 31 December 2021), related to only one agent and accounted in accordance to IAS37 and provisions for risks for future losses on contracts, equal to Euro 150 thousand as of 31 December 2021, refers to contracts known at the end of 2020 with risk of no delivery.

The following table shows the movements of Other provisions for the years ended 31 December 2023, 2022 and 2021.

(Euro thousand)	**Other provisions**
Net value 1st January 2021	**220.249**
Increases	-
Uses	-63.206
Adjustments	2.810
Net value 31 December 2021	**159.852**
Increases	-
Uses	-150.103
Adjustments	1.208
Net value 31 December 2022	**10.958**
Increases	-
Uses	-
Adjustments	4.705
Net value 31 December 2023	**15.664**

Adjustments refer to the aforementioned agent’s severance pay, accounted as service cost and reflected in the variations of other provisions.

6.15 Trade payables

The following table shows the detailed statement of trade payables as of 31 December 2023, 2022, 2021 and 1 January 2021.

(Euro)	31st December			1st January
	2023	**2022**	**2021**	**2021**
Trade payables to suppliers	4.217.499	3.471.864	2.504.192	3.303.312
Trade payables to other related parties	346.911	388.097	405.413	234.162
Trade payables	**4.564.410**	**3.859.962**	**2.909.606**	**3.537.474**

Trade payables mainly relate to transactions for the purchase of services.

It is believed that the book value of trade payables approximates the related fair value. For trade payables from related parties, please refer to Section 8 of this document.

The following table provides a breakdown of trade payables and percentage against total trade payables at 31 December 2023, 2022 and 2021 for the first supplier, the first 5 and first 10 suppliers.

(Euro)	**31 December 2023**	**% of 2023 trade payables**	**31 December 2022**	**% of 2022 trade payables**	**31 December 2021**	**% of 2021 trade payables**
First supplier	692.970	15,2%	706.121	18,3%	460.990	15,8%
First 5 suppliers	1.550.749	34,0%	1.492.645	38,7%	1.191.294	40,9%
First 10 suppliers	1.977.928	43,3%	1.917.226	49,7%	1.530.207	52,6%

The following table provides a breakdown at 31 December 2023, 2022 and 2021 of trade payables, excluding trade payables to subsidiaries, between Italy, European Union and UK and Rest of the world.

(Euro)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Italy	4.540.643	3.817.552	2.884.623
European Union and UK	23.112	39.253	24.983
Rest of the world	655	3.157	0
Trade payables	**4.564.410**	**3.859.962**	**2.909.606**

It should be noted that almost the entirety of the trade receivables are from Italy.

The following table provides a breakdown of trade payables ageing at 31 December 2023, 2022 and 2021.

(Euro)	**31 December 2023**	**due**	**30 days overdue**	**30-180 days overdue**	**181-270 days overdue**	**271-360 days overdue**	**over 360 days overdue**
Commercial debts to third parties	3.690.303	2.663.850	528.076	410.447	16.293	50.481	21.158
Invoices to be received	884.772	884.772	0	0	0	0	0
Credit notes to be received	(10.666)	(10.666)	0	0	0	0	0
Commercial debts to third parties	**4.564.410**	**3.537.956**	**528.076**	**410.447**	**16.293**	**50.481**	**21.158**

(Euro)	**31 December 2022**	**due**	**30 days overdue**	**30-180 days overdue**	**181-270 days overdue**	**271-360 days overdue**	**over 360 days overdue**
Commercial debts to third parties	2.983.924	2.228.391	336.681	173.510	65.270	30.408	149.664
Invoices to be received	878.194	878.194	0	0	0	0	0
Credit notes to be received	(2.157)	(2.157)	0	0	0	0	0
Commercial debts to third parties	**3.859.961**	**3.104.429**	**336.681**	**173.510**	**65.270**	**30.408**	**149.664**

(Euro)	**31 December 2021**	**due**	**30 days overdue**	**30-180 days overdue**	**181-270 days overdue**	**271-360 days overdue**	**over 360 days overdue**
Commercial debts to third parties	2.373.341	1.849.816	170.499	74.411	139.656	12.279	126.682
Invoices to be received	566.029	566.029	0	0	0	0	0
Credit notes to be received	(29.765)	(29.765)	0	0	0	0	0
Commercial debts to third parties	**2.909.606**	**2.386.080**	**170.499**	**74.411**	**139.656**	**12.279**	**126.682**

Trade payables overdue more than 365 days are equal to €21 thousand in fiscal year 2023 and €150 thousand in fiscal year 2022; the overdue amount over 180 days is equal respectively to €88 thousand and €245 thousand in fiscal year 2023 and fiscal year 2022. These amounts mainly refer to payables to minority shareholders of Group companies, paid progressively over the Three-Year Period as shown by the trend of the " Overdue more than 360 days" class.

There are no disputes from suppliers in the periods.

6.16 Tax liabilities

Tax liabilities amount to Euro 1.995 thousand at 31 December 2023, Euro 1.607 thousand at 31 December 2022, Euro 1.898 thousand at 31 December 2021.

(Euro)	31st December		
	2023	**2022**	**2021**
VAT debt	170.114	469.998	127.876
Withholding income tax	977.170	761.029	735.378
IRAP tax	145.319	51.551	236.973
IRES tax	797.928	227.269	715.950
Other tax debts	1.315	96.793	82.185
Total current tax debt	**2.091.846**	**1.606.640**	**1.898.363**

The item includes only liabilities for certain and determined taxes, in particular it refers to: i) VAT for Euro 133 thousand in 2023, Euro 493 thousand in 2022 and 128 thousand in 2021; ii) withholdings made at source on debts from employed, similar and self-employed workers for Euro 977 thousand in 2023, Euro 761 thousand in 2022 and 735 thousand in 2021; iii) IRAP for Euro 140 thousand in 2023, Euro 52 thousand in 2022 and 237 thousand in 2021; iv) IRES for Euro 764 thousand in 2023, Euro 227 thousand in 2022 and 716 thousand in 2021; for further details in this regard, see Note 6.5.

6.17 Other current debts and liabilities

The following table shows the detailed statement of other current debts and liabilities as of 31 December 2023, 2022 and 2021.

(Euro)	31st December		
	2023	**2022**	**2021**
Payables to employees	3.514.574	2.387.199	1.600.813
Payables to social security institutions	1.097.201	892.822	659.044
Deferred income	3.080.789	2.660.098	1.250.487
Payables to the Directors	878.331	382.131	107.748
Accrued liabilities	17.327	18.600	66.387
Other current debts and liabilities	107.364	60.865	150.917
Other current debts and liabilities	**8.695.585**	**6.401.716**	**3.835.397**

Payables to employees mainly refer to salaries to be paid and deferred charges, such as holidays, permits and additional monthly payments.

Payables to social security institutions mainly refer to liabilities to pension and social security institutions for the payment of contributions.

Deferred income mainly refers to maintenance and outsourcing fees with economic value in future periods.

Payables to Directors mainly refer to salaries to be paid and deferred charges.

Advanced payments for work in progress are described in more detail in note 6.8.

Other current debts and liabilities include advance payments from customers and credit card balances at the date.

The payables to employees and to social security institutions described above increased in the period in question following the increase in the number of employees which went from 188 to 428 from 2021 to 2023.

The deferred income described above increased in the period in question following the increase of business where revenue went from Euro 28.801 thousand to Euro 46.266 thousand.

7. Notes to the income statement

7.1 Operating revenues

In the 2023 financial year, total revenues amounted to 46.468 thousand euros of which 0.2 thousand euros were other revenues.

In the 2022 financial year, total revenues amounted to 37.995 thousand euros of which 0.2 thousand euros were other revenues.

In the 2021 financial year, total revenues amounted to 37.995 thousand euros of which 0.4 thousand euros were other revenues.

The following table shows the detailed statement of total revenues by type of revenue for the years ended 31 December 2023, 2022 and 2021.

Euro thousand	**31-Dec-23**	**%**	**31-Dec-22**	**%**	**31-Dec-21**	**%**
Operating Revenues	46.265.809	100%	37.760.967	99%	28.800.859	99%
Other Revenues	201.929	0%	234.070	1%	349.082	1%
Total Revenue	**46.467.738**	100%	**37.995.037**	100%	**29.149.941**	100%

The following table shows the total revenues by geography for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Italy	43.580.119	35.696.552	27.067.327
European Union and UK	1.404.636	998.851	630.711
Rest of the world	1.281.054	1.065.564	1.102.821
Operating Revenues	**46.265.809**	**37.760.967**	**28.800.859**

7.2 Other revenues and income

The following table shows the detailed statement of other revenues and income for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Recoveries and chargebacks	14.354	21.321	47.844
Operating contributions	16.254	17.196	6.396
Other contributions	19.175	32.529	90.454
Insurance claims	4.976	2.490	5.039
Contingent gains	95.509	159.688	194.144
Other	51.661	846	5.205
Other revenues and income	**201.929**	**234.070**	**349.082**

The only material amounts in other revenues, Contingent gains, refer to out-of-period income, i.e. related to income from previous years.

7.3 Cost of purchasing goods and changes in inventories

The following table shows the detailed statement of purchases of hardware and software, mainly for resale, hardware and software for internal use and other goods for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
HW for resale	1.288.350	1.453.386	1.087.665
SW for resale	1.203.234	887.292	1.502.583
HW and SW for internal use	95.001	64.176	103.854
Other	167.542	109.693	84.024
Purchasing cost	**2.754.127**	**2.514.547**	**2.778.126**

The following table shows the detailed statement of Change in inventories for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Change in initial and final inventories	50.461	20.358	6.969
Changes WIP inventories - IFRS15	-555.524	-164.931	-157.837

Change in inventories	**-505.063**	**-144.572**	**-150.868**

The item changes in inventories is mainly made by work in progress (WIP) inventories.

7.4 Personnel costs

The following table shows the detailed statement of personnel costs for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Salaries	14.481.124	11.014.749	7.842.023
Social charges	3.069.249	2.352.805	1.965.110
Expenses for severance pay	848.907	645.478	452.185
Warrants	55.735	55.735	28.402
Other	524.939	226.228	59.175
Personnel cost	**18.979.953**	**14.294.995**	**10.346.894**

The increase in personnel costs between 2021 and 2023 is mainly attributable to the increase of workforce as the total number of employees grew from 188 to 428. In particular, the number of employees growth has been influenced by the acquisitions.

The following table shows the number of Company employees for the financial years ended December 31, 2023, 2022 and 2021 with indication of the category and including the acquired companies.

	31 December 2023	31 December 2022	31 December 2021
Managers	8	7	5
N. employees	420	262	183
TOTAL	**428**	**269**	**188**

The following table shows the average number of Company employees for the financial years ended December 31, 2023, 2022 and 2021 with indication of the category and including the employees from the acquired companies.

	31 December 2023	31 December 2022	31 December 2021
Managers	8	7	5
N. employees	341	240	167
TOTAL	**349**	**247**	**172**

The following table shows the number of Company employees for the financial years ended December 31, 2023, 2022 and 2021 with indication of the category and excluding the employees from the acquired companies.

	31 December 2023	31 December 2022	31 December 2021
Managers	8	6	5
N. employees	369	245	179
TOTAL	**377**	**251**	**184**

7.5 Services costs

The following table shows the detailed statement of service costs for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Consulting services	4.537.688	3.770.016	3.602.550
Software maintenance fee	1.972.451	1.597.112	1.096.323
Outsourcing maintenance fee	2.217.819	1.746.740	1.092.073

Electronic invoicing fee	412.391	299.144	172.419
Maintenance costs	73.850	75.661	56.488
Insurance	122.317	109.525	89.202
Marketing	204.245	72.244	49.072
Directors and Board of auditors costs	4.076.837	3.822.665	2.876.854
Travel and accomodation fee	1.042.967	831.334	401.397
Utilities	377.329	239.720	125.719
Rental and leasing service costs	410.960	303.503	245.169
Other	84.648	194.399	170.938
Costs for services	**15.533.500**	**13.062.065**	**9.978.204**

All the different categories of Service cost are growing in the period 2021 – 2023 in line with the business growth.

7.6 Other operating costs

The following table shows the detailed statement of other operating costs for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Stamp duties and other taxes	95.260	76.302	130.030
Membership fees and benefits	32.033	41.588	25.828
Liabilities	223.128	224.608	79.056
Other	54.446	11.601	10.427
Other operating costs	**404.867**	**354.101**	**245.341**

Costs relating to 2023 and 2022 Liabilities mainly related to extraordinary credit losses.

Other cost in 2023 were impacted by IFRS 16 – Leasing for Euro 108 thousand.

7.7 Amortizations and depreciations

The following table shows the detailed statement of amortization and depreciation for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Software	1.340.534	760.921	319.547
Customer portfolio	374.959	154.107	84.256
Other intangibles	10.195	7.084	6.928
Right-of-use assets (property)	419.678	345.174	258.433
Right-of-use assets (cars)	255.596	231.717	214.250
Buildings	8.522	8.490	4.662
Plant and machinery	20.780	9.826	19.770
Other tangibles	138.679	128.995	105.527
Total depreciation and amortization	**2.568.943**	**1.646.314**	**1.013.373**

Software amortizations are mainly related to software capitalization of product with current and future value and software assets derived from purchases of subsidiaries as per purchase price allocation, and they grow with yearly capitalizations and acquisitions.

Customer portfolio refer to acquisitions of subsidiaries or company branches as per purchase price allocation and they grow with acquisitions.

Right-of-use assets grow with the size of the group, with more real estate contracts and car leases activated during the years.

Amortization for tangible assets mainly refer to furniture, hardware and company owned vehicles.

The detailed statements relating to the composition and movement of intangible assets and tangible assets for the years ended 31 December 2023, 2022 and 2021 are shown in notes 6.1 and 6.3. Information relating to right-of-use activities in the periods in question is reported in note 6.2.

7.8 Provisions and write-downs

The net provisions and write-downs, equal to Euro 263 thousand, Euro 674 thousand and Euro 11 thousand respectively for the years ended 31 December 2023, 2022 and 2021, mainly refer to the write-down of trade receivables.

Below is the detailed statement relating to the movements in the provision for bad debts for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Increments of provisions for trade receivables	464.627	1.006.683	20.357
Releases of provisions for trade receivables	- 202.036	- 332.647	- 34.922
Total provisions and write-downs	**262.590**	**674.036**	**- 14.565**

7.9 Financial income and expenses

The following table shows the detailed statement of financial income for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Dividends and financial income from invested assets	17.706	4.679	37.546
Other financial income (charges)	- 84.831	- 158.248	- 158.876
Unrealised gains (losses) at fair value	141.399	- 149.931	22.270
Share of results from investments valued using the equity method	-	-	17.105
Financial Income	**74.274**	**- 303.500**	**- 81.954**

The Value adjustments to financial assets and liabilities is related to financial investments.

The following table shows the detailed statement of financial charges for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
Interests payables on loan	16.604	20.518	9.360
Interests payables on leasing	213.034	129.436	109.854
Realised gains (losses) on invested assets	- 159.169	1.298	-
Other	14.362	6.996	39.662
Financial charges	**84.831**	**158.248**	**158.876**

Capital gains or losses on financial investments refers to investment activities started in 2022 that generated Euro 159 thousand income in 2023 and Euro 1 thousand loss in 2022.

7.10 Income taxes for the financial year

The following table shows the detailed statement of Income taxes for the years ended 31 December 2023, 2022 and 2021.

(Euro)	**31st December**		
	2023	**2022**	**2021**
IRES	1.815.787	1.020.110	710.372
IRAP	548.412	363.590	283.382
Previous year taxes	22.670	11.610	-
Total current taxes	**2.386.869**	**1.395.310**	**993.754**
Deferred tax liabilities	-170.001	397.087	165.484
Deferred tax assets	84.488	-193.149	90.338
Deferred taxes	**-85.513**	**203.938**	**255.823**
Total income taxes	**2.301.356**	**1.599.248**	**1.249.577**

The following table shows the reconciliation of the theoretical tax rate with the actual impact on the pre-tax result for the years ended 31 December 2023, 2022 and 2021.

(Euro thousand)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Theoretical IRES rate	24,0%	24,0%	24,0%
Net Income before taxes	6.693	5.290	4.871
Theoretical IRES rate	**1.606**	**1.270**	**1.169**
Total changes increasing	4.470	3.538	1.014
Total changes decreasing	3.511	4.390	2.366
Taxable income	7.651	4.439	3.519
Tax loss effect	0	99	71
ACE	87	90	174
Net taxable income	7.565	4.250	3.274
IRES 24%	1.816	1.020	786
IRAP	548	364	283
Reclassifications	0	0	(76)
Total current taxes	**2.364**	**1.384**	**994**
Taxes from previous years	23	12	0
Deferred tax assets/liabilities	(86)	204	256
Total taxes	**2.301**	**1.599**	**1.250**

Reclassifications refer to prepayments of taxes in 2021 for a merged company, reclassified in Deferred tax assets/liabilities.

8. Operating segments

Under IFRS 8, an entity must provide information that enables users of the financial statements to assess the nature and effects of the business activities it undertakes and the economic environments in which it operates.

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available

The Company has not identified separate operating segments, since the entrepreneurial activity and the review of the operating results carried out at the company and group level in the context of the single entity and by the Chief Executive Officer of the Group. The Group considers each subsidiary as a separate cash generating unit (CGU) and accounts separately for each company consolidating the results in the consolidated financial statements.

Please refer to notes 6.7, 6.15 and 7.1 for the geographical breakdown of trade receivables, payables and revenues.

9. Fair value hierarchy

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement (based on the application of judgement).

The levels in the hierarchy are:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company uses Level 1 inputs for the valuation of current financial assets, which are largely made up of securities or portfolios of securities with quoted prices.

The following table details the assets and liabilities with their related fair value and hierarchy levels.

(Euro)	**Notes**	**Total**	**Level 1**	**Level 2**	**Level 3**
ASSETS					
Non current assets					
Equity investments	6.4	23.000			23.000
Total non current assets		**23.000**	**-**	**-**	**23.000**
Current assets					
Trade receivables	6.7	16.015.464			16.015.464
Current financial assets	6.9	4.633.409	4.633.409		
Cash and cash equivalent	6.10	14.437.097	14.437.097		
Total current assets		**35.085.970**	**19.070.506**	**-**	**16.015.464**
TOTAL ASSETS		**35.108.970**	**19.070.506**	**-**	**16.038.464**
LIABILITIES					
Non current liabilities					
Non current financial liabilities	6.12	11.024.509			11.024.509
Total non current liabilities		**11.024.509**	**-**	**-**	**11.024.509**
Current liabilities					
Current financial liabilities	6.12	4.909.934			4.909.934
Trade payables	6.15	4.564.410			4.564.410
Current tax debts	6.16	2.091.846			2.091.846
Other current debts and liabilities	6.17	5.597.469			5.597.469
Total current liabilities		**17.163.659**	**-**	**-**	**17.163.659**
TOTAL LIABILITIES		**28.188.167**	**-**	**-**	**28.188.167**

10. Contributions from public entities

In terms of subsidies, contributions, paid assignments and economic advantages received from public administrations and subjects connected to them, the Group has received a total of Euro 17 thousand, 18 thousand and 11 thousand in 2023, 2022 and 2021 respectively.

11. Transactions with related parties

The transactions carried out with related parties, identified on the basis of the criteria defined by IAS 24, are mainly of a commercial nature and are carried out at normal market conditions.

Related parties are of three categories:

- Directors and strategic managers of the Company
- Directors of the controlled companies, minority shareholders and their related persons
- External companies related to the Directors providing services or products to the group.

The following tables show all parties included in the list of related parties for various periods of time within the three-year time period presented.

Directors and strategic managers of the Company

Company	**Related parties**	**Related relationship**
SYS-DAT Spa	Vittorio Neuroni, Matteo Neuroni, Marta Neuroni, Emanuele Angelidis	Directors and shareholders of SYS-DAT SpA
	Matteo Garegnani, Andrea Matteo Baldini	Group Chief Commercial Officer and Group Chief Financial Officer

Directors, minority shareholders and related persons of the subsidiaries of the Company

E-lab Consulting Srl	Vittorio Neuroni, Matteo Neuroni, Marta Neuroni	Directors and minority shareholders of E-lab Consulting
SYS-DAT Bari Srl	Giuseppe Andresini, Tommaso Spalluto	Sole Director (G. Andresini) and minority shareholders of SYS-DAT Bari
SYS-DAT Retail Srl	Claudio Cuccia, Vittorio Neuroni, Matteo Neuroni	Directors of SYS-DAT Retail
	Fabio Cuccia	Son of Claudio Cuccia, a Director of SYS-DAT Retail
Logic One Srl	Andrea Pizzolato, Vito Garraffa	Sole Director (A. Pizzolato) and minority shareholders of Logic One
Modasystem Srl	Armando Munaretto, Alessandro Crestani, Walter Fornarolo, Marta Neuroni, Matteo Garegnani	Directors and Sole Director (A. Munaretto) of Modasystem from Dec 2022
	Carlo Munaretto	Supplier to Modasystem, son of A. Munaretto, Director of Modasystem
BTW Informatica Srl	Alessandro Tomaselli, Domenico Buccelli, Vittorio Neuroni	Directors of BTW
SYS-DAT Napoli Srl	Mario Apa	Sole Director of SYS-DAT Napoli
	Francesco Apa	Son of Mario Apa, the Sole Director of SYS-DAT Napoli
SYS-DAT Verona Srl	Paolo Fratton	Sole Director of SYS-DAT Verona
	Giordano Pagani Griso, Giovanni Bellorio, Mario Fratton, Paolo Vinco, Daniele Martini	Minority shareholders of SYS-DAT Verona
Hars Srl	Massimo Zattera, Carlo Baraldi, Dario Vimercati, Vittorio Neuroni, Matteo Garegani	Directors of Hars
	Giulio Zattera, Maria Cristina Cicogni, Riccardo Baraldi	Son of Massimo Zattera, wife and son of Carlo Baraldi, Directors of Hars, employed at Hars
Nekte Srl	Silvia Anghileri, Umberto Bramani, Stefano Padovan, Matteo Garegnani	Directors of Nekte
Humatics Srl	Davide Conigliaro, Pietro Lovato, Marco Cristani	Directors of Humatics
Emmedata Srl	Bucciarelli Andrea, Fabrizio Mori, Piero Vignoli	Directors of Emmedata
Vcube Srl	Roberto Pizzetti	Director of Vcube
Trizeta Srl	Natale Zaramella	Sole Director of Trizeta
SiSolution Srl	Fabio Re Cecconi, Massimo Re Cecconi	Directors of Sisolution
	Matteo Re Cecconi	Son of Massimo Re Cecconi, a Director of SiSolution

External companies providing services or products to the Group

SYS-DAT Bari Srl	HPA Srl	Shareholder of SYS-DAT Bari
Modasystem Srl	CFM Srl	Renting offices to Modasystem, controlled by A. Munaretto, Director of Modasystem
Nekte Srl	Nav-lab Srl	Controlled by Nekte and U. Bramani is a Director of both Nav-lab and Nekte
	Bridge 2012 Srl	Supplier to Nekte, controlled by U. Bramani and S. Anghileri, Directors of Nekte
SYS-DAT Verona Srl	Atelcom Srl	Supplier to SYS-DAT Verona, controlled by P. Fratton, Director of SYS-DAT Verona
	Altama sas di Martini Daniele e c.	Supplier to SYS-DAT Verona, controlled by D. Martini, shareholder of SYS-DAT Verona
	Bellorio G. & associati sas	Supplier to SYS-DAT Verona, controlled by G. Bellorio, shareholder of SYS-DAT Verona
	P.M. sas di Mario Fratton	Supplier to SYS-DAT Verona, controlled by M. Fratton, shareholder of SYS-DAT Verona
	Nav-lab Srl	Related party for Nekte, part of SYS-DAT Group
Emmedata Srl	Emmedata real estate	Renting offices to Emmedata, controlled by F. Mori / P. Vignoli, Directors of Emmedata
Trizeta Srl	Zaramella Group Srl	Supplier to Trizeta, controlled by N. Zaramella, Sole Director of Trizeta
	Lynce Srl	Supplier to Trizeta. N. Zaramella is a Director of both Trizeta and Lynce
	Business DOCG Srl	Supplier to Trizeta. N. Zaramella is a Director of both Trizeta and Business DOCG Srl

The following table provides details of the economic and financial relationships with related parties.

(Euro)	31st December		
	2023	**2022**	**2021**
Operating Revenue	38.393	31.751	43.813
Purchasing cost	250.184	115.115	93.489
Service cost	5.053.514	4.478.927	3.424.217
Personnel	1.131.955	851.954	572.071
Amortisations and Depreciations	116.949	95.694	79.378
Other financial income (expense)	- 27.909	- 27.321	- 22.266
Trade receivables	36.314	9.339	8.580
Trade payables	- 346.911	- 388.097	- 405.413
Other receivables and current assets	-	4.900	9.700
Other current debts and liabilities	- 878.325	- 327.761	- 118.524
RoU assets	867.038	850.913	705.522
Employee benefits	- 274.806	- 195.364	- 210.014
Provisions	- 314.682	- 231.888	- 396.645
Non current financial liabilities	- 6.162.632	- 3.583.830	- 2.929.456
Current financial liabilities	- 3.278.258	- 1.800.740	- 1.469.101

Relationships with related parties are mainly linked to costs, in particular purchasing and service costs, mainly compensation in the form of Director compensation, service contracts for consulting services or payroll costs. Service and payroll costs with related parties are in line with the growth of the Group.

Trade receivables and payables are limited and related to purchases and services mainly sold to the Group.

Other current debts and liabilities relate to variable components of the Director compensation or payroll costs to be paid the following period.

Right of use assets relate to properties rented out to Group companies, resulting in RoU assets, related lease liabilities and depreciation. The rental agreements are at market prices.

Employee benefits relate to staff leaving indemnity provision (TFR), whereas provisions relate to director retirement benefits (TFM).

Current and non-current financial liabilities relate to leases accounted for following IFRS 16, future payments for the acquisition of stakes in subsidiaries and historical shareholder loans.

Following the 31st December 2023 two rental agreements have been signed between the Company and BRICK Srl. BRICK Srl is a real estate company owned by the same shareholders of the Company and more specifically Vittorio Neuroni owns 43,5% shareholding, Matteo Luigi Neuroni owns 26,5% shareholding, Emanuele Edoardo Angelidis owns 20,0% shareholding and Marta Neuroni owns 10,0% shareholding of BRICK. The two rental agreement refer to the rental of offices, garages and parking spaces in Milan and Turin as per resolution of the Board of Directors of the 24th of January 2024, for a total annual amount of euro 134.000 for the spaces in Milan and euro 15.800 for the spaces in Turin.

The tables below indicate the financial and economic relationship with related parties with the percentage with respect to single items of the balance sheet and income statement.

Balance sheet with the inclusion of related parties.

(Euro)	31st December			31st December			31st December		
	2023	of which related parties	%	2022	of which related parties	%	2021	of which related parties	%
ASSETS									
Non current assets									
Intangible assets	16.338.121	-	-	9.686.104	-	-	5.687.977	-	-
RoU assets	3.994.658	867.038	21,7%	4.944.555	850.913	17,2%	3.941.207	705.522	17,9%
Tangible assets	788.073	-	-	545.310	-	-	467.413	-	-
Equity investments and other non current assets	87.617	-	-	86.786	-	-	185.015	-	-
Deferred tax assets	615.481	-	-	646.555	-	-	564.050	-	-
Total non current assets	**21.823.949**			**15.909.310**	**-**		**10.845.662**	**-**	
Current assets					-			-	
Inventories	194.184	-	-	90.796	-	-	86.392	-	-
Trade receivables	16.015.464	36.314	0,2%	12.414.550	9.339	0,1%	7.757.201	8.580	0,1%
Activities for work in progress on order	1.699.430	-	-	335.843	-	-	186.679	-	-
Other receivables and current assets	6.973.429	-	-	5.673.742	4.900	0,1%	4.478.573	9.700	0,2%
Cash and cash equivalent	14.437.097	-	-	13.866.857	-	-	15.753.026	-	-
Total current assets	**39.319.605**			**32.381.788**	**-**		**28.261.872**	**-**	
TOTAL ASSETS	**61.143.554**			**48.291.099**	**-**		**39.107.534**	**-**	
NET EQUITY AND LIABILITIES									
Share Capital	1.015.000	-	-	1.015.000	-	-	1.015.000	-	-
Other reserves	14.031.571	-	-	11.257.698	-	-	8.069.885	-	-
Net result	4.241.739	-	-	3.690.803	-	-	3.621.906	-	-
Total equity	**19.288.310**	**-**		**15.963.500**	**-**		**12.706.791**	**-**	
Non current liabilities									
Non current financial liabilities	11.024.509	6.162.632	55,9%	9.615.497	3.583.830	37,3%	8.992.051	2.929.456	32,6%
Deferred taxes liabilities	1.793.642	-	-	1.142.703	-	-	376.637	-	-
Employee benefits	6.661.793	274.806	4,1%	5.432.389	195.364	3,6%	4.778.490	210.014	4,4%
Provisions	330.346	314.682	95,3%	242.846	231.888	95,5%	556.497	396.645	71,3%
Total non current liabilities	**19.810.289**			**16.433.434**			**14.703.675**		
Current liabilities									
Current financial liabilities	4.909.934	3.278.258	66,8%	3.331.258	1.800.740	54,1%	2.644.035	1.469.101	55,6%
Trade payables	4.564.410	346.911	7,6%	3.859.962	388.097	10,1%	2.909.606	405.413	13,9%
Advance payments on work in progress	1.783.180	-	-	694.589	-	-	409.667	-	-
Current tax debts	2.091.846	-	-	1.606.640	-	-	1.898.363	-	-
Other current debts and liabilities	8.695.585	878.325	10,1%	6.401.716	327.761	5,1%	3.835.397	118.524	3,1%
Total current liabilities	**22.044.955**			**15.894.164**			**11.697.068**		
TOTALE LIABILITIES AND EQUITY	**61.143.554**			**48.291.099**			**39.107.534**		

Right of use assets with related parties represent a material portion of the rental agreements of the Group, accounted for following IFRS 16.

Financial liabilites incluse lease liabilities related to rental agreement but are mainly related to future payments for the acquisition of subsidiaries, in the form of fixed price or earn-outs, and they are increasing with the acquisitions during the years.

Provisions relate to director retirement benefits (TFM).

Other current debts and liabilities relate to variable components of the Director compensation or payroll costs to be paid the following period and increase with director compensation and Group results.

Income statement with the inclusion of related parties.

(Euro)	31st December			31st December			31st December		
	2023	of which related parties	%	2022	of which related parties	%	2021	of which related parties	%
Operating Revenue	46.265.809	38.393	0,1%	37.760.967	31.751	0,1%	28.800.859	43.813	0,2%
Other Operating Revenue	201.929	-	-	234.070	-	-	349.082	-	-
Total Revenue	**46.467.738**			**37.995.037**			**29.149.941**		
Purchasing cost	2.754.127	250.184	9,1%	2.514.547	115.115	4,6%	2.778.126	93.489	3,4%
Changes in inventories	-505.063	-	-	-144.572	-	-	-150.868	-	-
Service cost	15.533.500	5.053.514	32,5%	13.062.065	4.478.927	34,3%	9.978.204	3.424.217	34,3%
Personnel	18.979.953	1.131.955	6,0%	14.294.995	851.954	6,0%	10.346.894	572.071	5,5%
Other operating cost	404.867	-	-	354.101	-	-	245.341	-	-
Total operating cost	**37.167.383**			**30.081.135**			**23.197.696**		
EBITDA	**9.300.355**			**7.913.901**			**5.952.245**		
Amortisations and depreciations	2.568.943	116.949	4,6%	1.646.315	95.694	5,8%	1.013.373	79.378	7,8%
Provisions and writedowns	262.590	-	-	674.036	-	-	-14.565	-	-
EBIT	**6.468.822**			**5.593.551**			**4.953.437**		
Income (expenses) from equity investments	17.706	-	-	4.679	-	-	37.546	-	-
Other financial income (expense)	-84.831	-27.909	32,9%	-158.248	-27.321	17,3%	-158.876	-22.266	14,0%
Value adjustments to financial assets and liabilities	141.399	-	-	-149.931	-	-	22.270	-	-
Share of results from investments valued using the equity method	-	-	-	-	-	-	17.105	-	-
Income before taxes	**6.543.096**			**5.290.051**			**4.871.482**		
Income taxes	2.301.356			1.599.248			1.249.577		
Net Income	**4.241.739**			**3.690.803**			**3.621.906**		

Purchasing costs are mainly related to the relationship with Nav-Lab S.r.l., a partner selling Microsoft licenses and services to Nekte and SYS-DAT Verona, subsidiaries of the Group.

Service costs represent a significant portion of the total service costs of the Group as they related mainly to Director compensation, in turn a significant portion of total service costs.

Depreciations and other financial expenses refer to leases accounted for following IFRS 16 and resulting in depreciation of right-of-use assets and lease liabilities interest expenses.

The following tables are specific for each related party or related party category where relevant.

SYS-DAT SpA Directors

(Euro)	31st December		
Vittorio Neuroni	**2023**	**2022**	**2021**
Service cost	685.052	650.582	441.770
Other current debts and liabilities	-169.671	-57.515	-
Provisions	-47.725	-47.655	-60.533
Non current financial liabilities	-	-	-54.956
Current financial liabilities	-	-54.956	-54.956

(Euro)	31st December		
Matteo Neuroni	**2023**	**2022**	**2021**
Service cost	683.917	624.355	407.016
Other current debts and liabilities	-169.671	-57.515	-1.235
Provisions	-61.636	-42.361	-114.380
Non current financial liabilities	-	-	-54.956
Current financial liabilities	-	-54.956	-54.956

(Euro)	31st December		
Marta Neuroni	**2023**	**2022**	**2021**
Service cost	430.222	423.728	297.937
Other current debts and liabilities	-103.881	-35.215	-
Provisions	-46.266	-34.687	-29.439
Non current financial liabilities	-	-	-54.956
Current financial liabilities	-	-54.956	-54.956

(Euro)	31st December		
Emanuele Angelidis	**2023**	**2022**	**2021**
Service cost	685.051	651.369	442.835
Other current debts and liabilities	-169.671	-57.515	-

Referring to the Director of SYS-DAT SpA, service costs relate to Director compensation, other current debts and liabilities relate to variable components of the Director compensation to be paid the following period, provisions refer to director retirement benefits (TFM), current and non-current financial liabilities relate to future payments for the acquisition of minority stakes in subsidiaries.

Strategic managers, operating companies Directors, minority shareholders and related persons

(Euro)	31st December		
Strategic managers, Controlled entities Directors and minority shareholders	**2023**	**2022**	**2021**
Operating Revenue	-	25	-
Service cost	1.759.978	1.601.610	1.272.736
Personnel	846.240	665.520	324.569
Trade receivables	-	31	-
Trade payables	-24.698	-	-
Other receivables and current assets	-	4.900	9.700
Other current debts and liabilities	-265.431	-120.001	-104.895
RoU assets	-	-	-
Employee benefits	-141.983	-114.769	-114.390
Provisions	-159.054	-107.186	-192.292
Non current financial liabilities	-5.302.951	-2.799.809	-1.949.619
Current financial liabilities	-3.029.627	-1.378.142	-1.062.309

Referring to strategic managers, subsidiaries Directors and minority shareholders, costs relate to compensation in the form of Director compensation, service contracts for consulting services or payroll costs, other current debts and liabilities relate to variable components of the Director compensation to be paid the following period, Employee benefits relate to staff leaving indemnity provision (TFR), provisions relate to director retirement benefits (TFM), current and non-current financial liabilities relate to future payments for the acquisition of stakes in subsidiaries and historical shareholder loans.

(Euro)	31st December		
Related persons to the Directors	**2023**	**2022**	**2021**
Service cost	29.139	-	-
Personnel	285.716	186.434	247.502
Amortisations and Depreciations	-	-	8.736
Other financial income (expense)	-	-	-1.899
Trade payables	-2.602	-	-
Other current debts and liabilities	-	-	-12.395
RoU assets	-	-	59.742
Employee benefits	-132.823	-80.596	-95.625
Non current financial liabilities	-	-	-52.845
Current financial liabilities	-	-	-7.932

Referring to related persons to the Directors of controlled entities, costs mainly refer to service contracts for consulting services or payroll costs, other current debts and liabilities relate to payroll costs to be paid in the following period, right of use assets and financial liabilities relate to a property rented to SYS-DAT S.p.A. and Employee benefits relate to staff leaving indemnity provision (TFR).

Companies that are related parties

HPA S.r.l. did not have any transactions with the Group in the periods presented.

(Euro)	**31st December**		
CFM Srl	**2023**	**2022**	**2021**
Amortisations and Depreciations	21.046	12.980	12.980
Other financial income (expense)	-7.396	-4.950	-5.269
Trade payables	-65	-6.297	-
RoU assets	232.782	156.969	169.949
Non current financial liabilities	-221.476	-150.071	-304.460
Current financial liabilities	-18.627	-154.389	-154.061

CFM S.r.l.is a real estate company renting offices to Modasystem, a subsidiary of the Group, financial liabilities include future payments for the acquisition of minority stakes in Modasystem, a subsidiary of the Group.

(Euro)	**31st December**		
Nav-Lab Srl	**2023**	**2022**	**2021**
Operating Revenue	31.310	31.656	43.513
Purchasing cost	250.184	115.115	93.489
Service cost	446.871	296.567	181.253
Trade receivables	14.037	9.309	8.540
Trade payables	-183.538	-147.773	-167.798

Nav-Lab S.r.l.is a company selling and buying goods and services to and from the companies of the Group with specific agreements with Nekte and SYS-DAT Verona, both subsidiaries of the Group.

(Euro)	**31st December**		
Bridge 2012 Srl	**2023**	**2022**	**2021**
Operating Revenue	2.045	-	22
Service cost	38.003	-	-
Amortisations and Depreciations	57.662	57.662	57.662
Other financial income (expense)	-11.998	-13.571	-15.098
Trade receivables	-	-	22
Trade payables	-6.286	-43.839	-16.230
RoU assets	360.507	418.169	475.831
Non current financial liabilities	-320.568	-376.159	-457.662
Current financial liabilities	-55.591	-81.503	-79.930

Bridge 2012 S.r.l.is a company selling and buying goods and services to and from and renting offices to Nekte, a subsidiary of the Group. Financial liabilities include future payments for the acquisition of minority stakes in Nekte, a subsidiary of the Group.

(Euro)	**31st December**		
Atlecom Srl	**2023**	**2022**	**2021**
Operating Revenue	1.170	-	-
Service cost	92.858	93.226	95.860
Trade receivables	12	-	-
Trade payables	-9.455	-	-

(Euro)	**31st December**		
Altama sas di Martini Daniele e c.	**2023**	**2022**	**2021**
Service cost	70.546	70.001	70.000
Trade payables	-7.178	-	-7.116

(Euro)	**31st December**		
Bellorio G. & associati sas	**2023**	**2022**	**2021**
Operating Revenue	15	70	15
Service cost	97.622	67.488	138.114
Trade receivables	18	-	18
Trade payables	-64.432	-190.188	-214.269

(Euro)	31st December		
P.M. sas di Mario Fratton	**2023**	**2022**	**2021**
Operating Revenue	-	-	265
Service cost	-	-	76.696

Atelcom S.r.l., Altama Sas, Bellorio G. & associati S.a.s. and P.M. S.a.s. are all companies mainly selling consulting services to SYS-DAT Verona, a subsidiary of the Group.

(Euro)	31st December		
Emmedata Real Estate Srl	**2023**	**2022**	**2021**
Amortisations and Depreciations	25.052	25.052	-
Other financial income (expense)	- 8.164	- 8.800	-
RoU assets	250.724	275.775	-
Non current financial liabilities	-	- 257.791	-
Current financial liabilities	-	- 21.836	-

Emmedata Real Estate S.r.l. is a real estate company renting offices to Emmedata, a subsidiary of the Group.

(Euro)	31st December		
Zaramella Group Srl	**2023**	**2022**	**2021**
Service cost	3.000	-	-
Amortisations and Depreciations	13.189	-	-
Other financial income (expense)	- 352	-	-
Trade receivables	1.253	-	-
Trade payables	- 9.882	-	-
RoU assets	23.026	-	-
Non current financial liabilities	- 317.637	-	-
Current financial liabilities	- 174.412	-	-

Zaramella Group S.r.l. is a company mainly renting offices to Trizeta, a subsidiary of the Group. Financial liabilities include future payments for the acquisition of Trizeta, a subsidiary of the Group.

(Euro)	31st December		
Lynce Srl	**2023**	**2022**	**2021**
Operating Revenue	3.855	-	-
Service cost	22.134	-	-
Trade receivables	20.994	-	-
Trade payables	- 23.988	-	-

(Euro)	31st December		
Business DOCG Srl	**2023**	**2022**	**2021**
Service cost	9.120	-	-
Trade payables	- 14.786	-	-

Lynce S.r.l. and Business DOCG S.r.l.are companies buying and selling services to Trizeta, a subsidiary of the Group.

12. Commitments and risks

The Company has no bank guarantees in place to guarantee the commitments undertaken for contractual obligations. Please refer to Note 6.12 for coverage of Mediocredito Centrale on specific loans undersigned by the Company and two of its subsidiaries.

13. Remuneration of the Directors and Statutory auditors

The compensation due to the Directors of SYS-DAT S.p.A. amounts to Euro 2.397 thousand, Euro 2.213 thousand and Euro 1.503 thousand for the financial years ended 31 December 2023, 2022 and 2021.

The compensation due to the Statutory Auditors amounts to Euro 14.6 thousand, Euro 14.6 thousand and Euro 14.6 thousand for the financial years ended 31 December 2023, 2022 and 2021.

During the year, no loans or advances were granted to the directors of the Company or its shareholders.

(Euro)	2023	2022	2021
Board of Directors	2.396.913	2.213.370	1.502.756
Board of Statutory Auditors	14.560	14.560	14.560
Total	**2.411.473**	**2.227.930**	**1.517.316**

14. Fees to the auditing firm

The compensation relating to the auditing firm in office for the years 2022 and 2023 for the audit of SYS-DAT S.p.A. is equal to Euro 11 thousand per year. The compensation to the auditing firm for the audit of the Three-Year Consolidated Financial Statements for years ended 31 December 2023, 2022 e 2021 is equal to Euro 35 thousand. The compensation to the auditing firm for the audit of subsidiaries under legal requirements for audits in 2023, SYS-DAT Verona S.r.l., Emmedata S.r.l., Hars S.r.l., Nekte S.r.l., V-Cube S.r.l. and SiSolution S.r.l. for the year 2023 is equal to Euro 36 thousand total. The fees to the auditing firm for non-auditing services for the year 2023 is equal to Euro 153 thousand.

15. Research and development activities

The R&D activity carried out by the Company is aimed at both the introduction of new products and the implementation of new production processes. The activity is divided into different phases, ranging from the conception and start of the design process of the new product or process to large-scale industrialisation.

The cost in 2023, 2022 and 2021 were respectively Euro 2.047 thousand, Euro 1.709 thousand and Euro 831 thousand. Please refer to Note 6.1 for additional details.

16. Significant events subsequent to the end of the period

There are three significant events that occurred after the end of the financial year.

The first one relates to SYS-DAT S.p.A. entire real estate assets in favour of a newly established company Brick S.r.l., owned by the same SYS-DAT S.p.A. shareholders and in the same proportions, and rented to the Company. For more details please refer to Note 8.

The second one relates to the definition a Long-Term Incentive Scheme for the strategic management of the Company.

The third one relates to the proposed listing process of the company’s shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.

17. First application of EU-IFRS

Criteria followed to achieve the transition from Italian Accounting Standards to EU-IFRS

The Company has exercised the right to draw up this Three-Year Consolidated Financial Statement by voluntarily applying the EU-IFRS accounting principles for the first time as this document was drawn up as part of the listing process of the company’s shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. for the purposes of its inclusion in the Offer Information Prospectus.

Therefore, the date of first application of the IFRS (the “**Transition Date**”), based on the provisions of IFRS 1 and due to the inclusion of historical data in the Offering Information Prospectus, was established on 1 ° January 2021. The procedure followed for the transition from the Italian Accounting Standards to the EU-IFRS for the purposes of drafting the Three-Year Consolidated Financial Statements (hereinafter the “**Transition Process**”) is described below.

General principles

The Company has applied the EU-IFRS retrospectively to all periods ended prior to the Transition Date, except for mandatory exemptions and for certain optional exemptions adopted in compliance with IFRS 1, as described in the following paragraph. In particular, the accounting principles to which reference was made are those described in the previous note 2.4 “Accounting principles and evaluation criteria”.

The financial position at 1 January 2021 reflects the following differences in treatment compared to the Company’s financial statements at 31 December 2017, prepared in accordance with Italian Accounting Principles

− all assets and liabilities whose registration is required by the EU-IFRS have been identified and valued, including those not envisaged in application of the Italian Accounting Principles

− all assets and liabilities whose registration is required by the Italian Accounting Principles, but is not permitted by the EU-IFRS, have been eliminated;

− some financial statement items have been reclassified in accordance with the provisions of the EU-IFRS.

At the Transition Date, the effect of the adjustment of the initial balances of the Company's assets and liabilities to the new accounting criteria is recognized under the item "EU-IFRS first adoption reserve" of the shareholders' equity, taking into account the related tax effects (see also what is reported in note 2.4. "Accounting principles and evaluation criteria" for the methods of recognition of deferred tax assets).

Method of presentation of financial statements

As regards the method of representing the financial statements, see note 2.3 "General drafting principles".

Mandatory exemptions to full retrospective adoption of EU-IFRS

The mandatory exemptions to the complete retrospective adoption of EU-IFRS, in compliance with IFRS 1, were applied in the Transition Process if and insofar as they related to cases applicable to the Company.

The estimates made on the EU-IFRS Transition Date and subsequent financial statement dates comply with the estimates made on the same date according to Italian Accounting Standards (after the adjustments necessary to reflect any differences in accounting standards).

Optional exemptions to full retrospective adoption of EU-IFRS

Rental and leasing contracts

On the EU-IFRS Transition Date, the Company decided to evaluate whether a contract contains a lease by applying paragraphs 9-11 of IFRS 16 to the contract based on the facts and circumstances existing on that date. The contract is, or contains, a lease if, in exchange for consideration, it gives the right to control the use of a specified asset for a period of time.

As part of the transition to the IFRS 16 accounting standard and in compliance with the transitional provisions of the IFRS 16 accounting standard, the Company has decided to adopt the following choices:

a) measure the lease liability at the Transition Date at the present value of the remaining payments due for the lease, discounted using the marginal financing rate, at the date of transition to the EU-IFRS, of the Company acting as lessee (IFRS 16, App. C, par. C8);

b) value the asset consisting of the right of use on the Transition Date at an amount equal to the lease liability, adjusted by the amount of any deferred income or accrued income relating to the lease recognized in the statement of financial position immediately before the Date of Transition (IFRS 16, App. C, par. C8);

c) avail itself of the option not to make transitional adjustments for leases whose underlying asset is of modest value (IFRS 16, App. C, par. C9);

d) apply a single discount rate on a lease-by-lease basis to a portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining term for a similar underlying asset class in a similar economic context (IFRS 16, App. C , par. C10);

e) make use of the possibility of valuing the right-of-use asset and the lease liability on the Transition Date at an amount equal to the book value of the leased asset and the lease liability valued immediately before the Transition Date by applying IAS 17 (IFRS 16, App. C, par. C11).

The other optional exemptions provided for by IFRS 1 were not used, as they related to cases for which: i) the Italian Accounting Standards are already aligned with the EU-IFRS, ii) the Company has opted for retrospective application, or iii) are not applicable to the Company.

Treatments chosen within the accounting options provided by the EU IFRS

EU-IFRS allow some accounting options. The main choices made by the Company are highlighted below.

- Valuation of inventories: in accordance with IAS 2, the cost of inventories must be determined by adopting the FIFO method or the weighted average cost method. The Company has chosen to use the weighted average cost method.
- Evaluation of tangible assets, intangible assets and right-of-use assets: following the initial recognition at cost, IAS 16 – Property, plant and machinery, IAS 38 – Intangible assets and IFRS 16 – Leases provide that tangible assets, intangible assets and right-of-use assets can be valued at cost net of accumulated depreciation and losses in value, or by periodically recalculating the market value and adjusting the accounting balance to this value (so-called " Revaluation Model"). The Company has decided to maintain cost as the evaluation criterion for tangible assets, intangible assets and right-of-use assets.

Description of the significant effects of the Transition Process

The following tables highlight the effects, both in terms of reclassifications and adjustments, of the transition to EU-IFRS:

- on the consolidated balance sheet of the Company at the Transition Date, at 31 December 2021 and 2022;
- on the consolidated income statement for the years ended 31 December 2021 and 2022.

FTA effect (first time adoption)

Euro	Notes	December, 31 2020 as of LOCAL-GAAP	Reclassification and remeasurement	January, 01 2021 as of IFRS-GAAP
ASSETS				
Non current assets				
Intangible assets	A, B	6.058.265	- 1.741.200	4.317.064
RoU assets	K	-	4.234.215	4.234.215
Tangible assets		255.766	-	255.766
Equity investments and other non current assets		103.017	-	103.017
Deferred tax assets	O	298.796	235.731	534.527
Total non current assets		**6.715.844**	**2.728.746**	**9.444.590**
Current assets				
Inventories		56.182	-	56.182
Trade receivables	H	7.593.205	134.210	7.727.415
Activities for work in progress on order		-	-	-
Other receivables and current assets	N	1.764.324	- 34.934	1.729.390
Current financial assets	J	1.561.431	949	1.562.380
Cash and cash equivalent		11.373.927	-	11.373.927
Total current assets		**22.349.069**	**100.225**	**22.449.294**
TOTAL ASSETS		**29.064.913**	**2.828.971**	**31.893.884**

Euro	Notes	December, 31 2020 as of LOCAL-GAAP	Reclassification and remeasurement	January, 01 2021 as of IFRS-GAAP
Share Capital		1.015.000	-	1.015.000
Other reserves	A, B, C, E, F, G, H, I, J, N, O	11.270.777	- 2.637.540	8.633.237
Net result	A	1.918.874	346.513	2.265.387
Total equity		**14.204.652**	**- 2.291.028**	**11.913.624**
Non current liabilities				
Non current financial liabilities	A, I, K, N	428.441	5.055.268	5.483.709
Deferred taxes liabilities	O	-	788	788
Employee benefits	F	3.751.318	478.838	4.230.156
Provisions	C, E, G	1.004.602	- 409.220	595.382
Total non current liabilities		**5.184.361**	**5.125.675**	**10.310.036**
Current liabilities				
Current financial liabilities	K, N	200.625	1.584.841	1.785.466
Trade payables		3.537.474	-	3.537.474
Advance payments on work in progress		-	-	-
Current tax debts		1.166.133	-	1.166.133
Other current debts and liabilities	N	4.771.668	- 1.590.516	3.181.152
Total current liabilities		**9.675.900**	**- 5.675**	**9.670.225**
TOTALE LIABILITIES AND EQUITY		**29.064.913**	**2.828.971**	**31.893.884**

Effect on financial figures as of 31 December 2021

Euro	**Notes**	**December, 31 2021 as of LOCAL-GAAP**	**Reclassification and remeasurement**	**December 31, 2021 as of IFRS-GAAP**
ASSETS				
Non current assets				
Intangible assets	A, B, D	6.034.289	- 346.311	5.687.977
RoU assets	K	-	3.941.207	3.941.207
Tangible assets		467.413	-	467.413
Equity investments and other non current assets	A	166.032	18.983	185.015
Deferred tax assets	O	308.526	255.524	564.050
Total non current assets		**6.976.259**	**3.869.403**	**10.845.662**
Current assets				
Inventories	L	115.234	- 28.842	86.392
Trade receivables	H, L	7.590.816	166.385	7.757.201
Activities for work in progress on order	L	-	186.679	186.679
Other receivables and current assets		2.314.582	-	2.314.582
Current financial assets	J	1.662.769	501.223	2.163.992
Cash and cash equivalent	J	16.253.026	- 500.000	15.753.026
Total current assets		**27.936.427**	**325.445**	**28.261.872**
TOTAL ASSETS		**34.912.685**	**4.194.848**	**39.107.534**

Euro	**Notes**	**December, 31 2021 as of LOCAL-GAAP**	**Reclassification and remeasurement**	**December 31, 2021 as of IFRS-GAAP**
Share Capital		1.015.000	-	1.015.000
Other reserves	A, B, C, E, F, G, H, I, J, M, O	11.622.783	- 3.552.898	8.069.885
Net result	A, B, D, E, F, G, H, I, J, K, M	1.459.299	2.162.607	3.621.906
Total equity		**14.097.082**	**- 1.390.291**	**12.706.791**
Non current liabilities				
Non current financial liabilities	A, I, K, N	3.618.528	5.373.524	8.992.051
Deferred taxes liabilities	O	-	376.637	376.637
Employee benefits	A, F	4.196.112	582.378	4.778.490
Provisions	A, C, E, G	979.529	- 423.032	556.497
Total non current liabilities		**8.794.168**	**5.909.507**	**14.703.675**
Current liabilities				
Current financial liabilities	I, K, N	173.881	2.470.154	2.644.035
Trade payables		2.909.606	-	2.909.606
Advance payments on work in progress	L	-	409.667	409.667
Current tax debts		1.898.363	-	1.898.363
Other current debts and liabilities	A, I, L, N	7.039.586	- 3.204.189	3.835.397
Total current liabilities		**12.021.435**	**- 324.367**	**11.697.068**
TOTALE LIABILITIES AND EQUITY		**34.912.685**	**4.194.848**	**39.107.534**

Euro	Notes	December, 31 2021 as of LOCAL-GAAP	Reclassification and remeasurement	December 31, 2021 as of IFRS-GAAP
Operating Revenue	L	28.958.696	-157.837	28.800.859
Other Operating Revenue	N	403.215	-54.133	349.082
Total Revenue		**29.361.911**	**-211.971**	**29.149.941**
Purchasing cost		2.778.126	-	2.778.126
Changes in inventories	L	6.969	-157.837	-150.868
Service cost	B, D, E, G, K	10.598.981	-620.776	9.978.204
Personnel	D, F, M	11.238.269	-891.376	10.346.894
Other operating cost	H	225.633	19.708	245.341
Total operating cost		**24.847.978**	**-1.650.282**	**23.197.696**
EBITDA		**4.513.934**	**1.438.311**	**5.952.245**
Amortisations and depreciations	A, B, D, K	1.861.318	-847.945	1.013.373
Provisions and writedowns	H, G	84.371	-98.936	-14.565
EBIT		**2.568.244**	**2.385.192**	**4.953.437**
Income (expenses) from equity investments	N	-16.587	54.133	37.546
Other financial income (expenses)	A, I, J, K	-48.296	-110.580	-158.876
Value adjustments to financial assets and liabilities	J	-	22.270	22.270
Share of results from investments valued using the equity method	A	-1.878	18.983	17.105
Income before taxes		**2.501.483**	**2.369.999**	**4.871.482**
Income taxes	O	1.042.184	207.392	1.249.577
Net Income		**1.459.299**	**2.162.607**	**3.621.906**

Effect on financial figures as of 31 December 2022

Euro	Notes	December, 31 2022 as of LOCAL-GAAP	Reclassification and remeasurement	December 31, 2022 as of IFRS-GAAP
ASSETS				
Non current assets				
Intangible assets	A, B, D	6.478.387	3.207.717	9.686.104
RoU assets	K	-	4.944.555	4.944.555
Tangible assets		545.310	-	545.310
Equity investments and other non current assets	N	56.730	30.056	86.786
Deferred tax assets	O	482.700	163.855	646.555
Total non current assets		**7.563.127**	**8.346.184**	**15.909.310**
Current assets				
Inventories	L	103.871	- 13.075	90.796
Trade receivables	H, L, N	12.378.488	36.062	12.414.550
Activities for work in progress on order	L	-	335.843	335.843
Other receivables and current assets	N	1.383.464	- 392	1.383.072
Currrent financial assets	J, N	4.337.017	- 46.347	4.290.670
Cash and cash equivalent		13.866.857	-	13.866.857
Total current assets		**32.069.698**	**312.090**	**32.381.788**
TOTAL ASSETS		**39.632.825**	**8.658.274**	**48.291.099**

Euro	Notes	December, 31 2022 as of LOCAL-GAAP	Reclassification and remeasurement	December 31, 2022 as of IFRS-GAAP
Share Capital		1.015.000	-	1.015.000
Other reserves	A, B, C, D, E, F, G, H, I, J, K, M, O	12.241.619	- 983.921	11.257.698
Net result	A, B, C, D, E, F, G, H, I, J, K, M	1.041.771	2.649.032	3.690.803
Total equity		**14.298.390**	**1.665.111**	**15.963.500**
Non current liabilities				
Non current financial liabilities	A, I, K, N	2.958.644	6.656.853	9.615.497
Deferred taxes liabilities	O	-	1.142.703	1.142.703
Employee benefits	A, F	4.799.984	632.404	5.432.389
Provisions	C, E, G	546.223	- 303.376	242.846
Total non current liabilities		**8.304.851**	**8.128.583**	**16.433.434**
Current liabilities				
Current financial liabilities	I, K, N	128.534	3.202.724	3.331.258
Trade payables	N	4.078.316	- 218.355	3.859.962
Advance payments on work in progress	L	-	694.589	694.589
Current tax debts	A	1.607.032	- 392	1.606.640
Other current debts and liabilities	A, E, I, L, N	11.215.701	- 4.813.986	6.401.716
Total current liabilities		**17.029.584**	**- 1.135.420**	**15.894.164**
TOTALE LIABILITIES AND EQUITY		**39.632.825**	**8.658.274**	**48.291.099**

Euro	**Notes**	**December, 31 2021 as of LOCAL-GAAP**	**Reclassification and remeasurement**	**December 31, 2021 as of IFRS-GAAP**
Operating Revenue	L	37.925.898	- 164.931	37.760.967
Other Operating Revenue		234.070	-	234.070
Total Revenue		**38.159.968**	**- 164.931**	**37.995.037**
Purchasing cost		2.514.547	-	2.514.547
Changes in inventories	L	20.358	- 164.931	- 144.572
Service cost	D, E, G, K	14.125.873	- 1.063.808	13.062.065
Personnel	D, F, M	15.960.976	- 1.665.981	14.294.995
Other operating cost	H	350.668	3.432	354.101
Total operating cost		**32.972.423**	**- 2.891.288**	**30.081.135**
EBITDA		**5.187.544**	**2.726.357**	**7.913.901**
Amortisations and depreciations	A, B, D, K	2.257.791	- 611.476	1.646.315
Provisions and writedowns	C, H	521.719	152.317	674.036
EBIT		**2.408.035**	**3.185.517**	**5.593.551**
Income (expenses) from equity investments		4.679	-	4.679
Other financial income (expenses)	I, J, K	13.727	- 171.975	- 158.248
Value adjustments to financial assets and liabilities	J	- 152.462	2.531	- 149.931
Share of results from investments valued using the equity method		-	-	-
Income before taxes		**2.273.979**	**3.016.072**	**5.290.051**
Income taxes	O	1.232.208	367.040	1.599.248
Net Income		**1.041.771**	**2.649.032**	**3.690.803**

Notes on transition effect as of 01 January 2021

A) Goodwill

Under the OIC accounting standards, the Group has amortised the value of goodwill recognised up to the date of first time adoption in 5-10 years.

According to IFRS, goodwill constitutes an intangible asset with an indefinite useful life and, therefore, not subject to the amortisation process.

The positive difference generated at the date of first-time adoption, amounting to Euro 2.198 thousand, was recognised in shareholders' equity (including a decrement in third parties' equity of Euro 137 thousand) and partially in current liabilities for Euro 25 thousand and non current liabilities for Euro 809 thousand, due to recalculations of earn-outs under IFRS standards.

In 2021, the combined effect of mergers in the Company of controlled entities, the acquisition and merger of Attua Srl in SYS-DAT Verona Srl and the acquisition of Humatics accounted for using the equity method, resulted in goodwill amounting to Euro 1.484 thousand, with an increase of other assets mainly from price purchase allocation of Euro 680 thousand, increase in liabilities mainly due to earn-out of Euro 979 thousand, and profit and loss effects for a positive Euro 749 thousand.

In 2022, further acquisitions resulted in goodwill amounting to Euro 1.932 thousand, with an increase of other assets mainly from price purchase allocation of Euro 1.777 thousand, increase in liabilities mainly due to earn-out of Euro 1.278 thousand, and profit and loss effects for a positive Euro 907 thousand thanks to lower amortizations.

B) Software

Based on local regulatory requirements, the Group had performed a revaluation of certain software in the financial year 2020.

This revaluation was not permitted within for IFRS adopter and, therefore, management reversed these effects at the first time adoption date; the negative difference thus generated, amounting to Euro 3.939 thousand, was recognised in shareholders' equity (amounting to Euro 3.819 thousand), while the lower amortisation (amounting to Euro 790 thousand in both FY 2021 and FY 2022,) was recognised in the income statement.

C) Provisions for risks and charges

Under International Accounting Standards, a provision should be recognised when: (a) an entity has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made.

Management has reversed provisions that did not meet the above recognition criteria at the date of first-time adoption. The positive effect, amounting to Euro 410 thousand, was recognised in equity.

Subsequently, this had no impact in FY2021 and a negative impact of Euro 218 thousand in FY2022, recognised in the income statement.

D) Development capitalized costs

In accordance with international accounting standards, an intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, the entity can demonstrate: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (b) its intention to complete the intangible asset for use or sale; (c) its ability to use or sell the intangible asset; and (d) how the intangible asset will generate probable future economic benefits. In addition, the entity can demonstrate the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes, the usefulness of the intangible asset; (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; (f) its ability to measure reliably the cost attributable to the intangible asset during its development.

In the development phase of an internal project, an entity may, in some cases, identify an intangible asset and demonstrate that the asset will generate probable future economic benefits.

During FY2021 the Group incurred capitalisable development costs of Euro 831 thousand, amortised over 5 years, with an impact on the result for the year of Euro 166 thousand from the related amortisation.

During FY2022 the Group incurred capitalisable development costs of Euro 1.709 thousand, amortised over 5 years, with an impact on the result for the year of Euro 508 thousand from the related cumulated amortisation.

E) Director's severance pay

The Group has redetermined the directors' severance pay as a defined benefit plan, in accordance with IFRS, involving the following steps

- reliably estimating, using actuarial techniques, the amount of benefits accrued by employees in exchange for their service in the current and prior years. The Company, therefore, determined what portion of the benefit is attributable to the current and prior years and estimated, through actuarial assumptions, the demographic and financial variables that will influence the cost of the benefits;
- discounted those benefits using -0,02 for the FTA, 0,44% for 2021 and 3,63% for 2022, in order to determine the present value of the defined benefit obligation and the cost attributable to current service;

- determine the fair value of any plan assets;
- determine the total amount of actuarial gains and losses and the amount of those to be recognised;
- in the case of the introduction of a new plan or the amendment of an existing one, determine the value of past services;
- in the case of a curtailment or settlement of a plan, determine the resulting gain or loss.

By virtue of this accounting, the severance indemnity provision was increased by Euro 0.9 thousand and resulted in a reduction of retained earnings at the date of first time adoption equal to Euro 0,7 thousand; the adjustment of the severance indemnity provision in the year 2021, negative and equal to Euro 8 thousand, resulted in a positive equity effect of Euro 6 thousand and a positive economic effect of Euro 0.5 thousand.

The adjustment of the severance indemnity provision in the year 2022, negative and equal to Euro 109 thousand also due to reclassifications of Euro 48 thousand due to other liabilities due to directors' resignations, resulted in a positive equity effect of Euro 47 thousand and a positive economic effect of Euro 22 thousand.

F) Employee benefits (employee severance pay)

The Group has redetermined the employee severance pay as a defined benefit plan, in accordance with IFRS, involving the following steps

- reliably estimating, using actuarial techniques, the amount of benefits accrued by employees in exchange for their service in the current and prior years. The Company, therefore, determined what portion of the benefit is attributable to the current and prior years and estimated, through actuarial assumptions, the demographic and financial variables that will influence the cost of the benefits;
- discounted those benefits using -0,02 for the FTA, 0,44% for 2021 and 3,63% for 2022, in order to determine the present value of the defined benefit obligation and the cost attributable to current service;
- determine the fair value of any plan assets;
- determine the total amount of actuarial gains and losses and the amount of those to be recognised;
- in the case of the introduction of a new plan or the amendment of an existing one, determine the value of past services;
- in the case of a curtailment or settlement of a plan, determine the resulting gain or loss.

By virtue of this accounting, the severance indemnity provision was increased by Euro 479 thousand resulting in a reduction of retained earnings at the date of first time adoption equal to Euro 364 thousand; the adjustment of the severance indemnity provision in the year 2021, positive and equal to Euro 576 thousand, resulted in a negative equity effect of Euro 429 thousand and a positive economic effect of Euro 160 thousand.

The adjustment of the severance indemnity provision in the year 2022, negative and equal to Euro 176 thousand, resulted in a positive equity effect of Euro 134 thousand and a positive economic effect of Euro 332 thousand.

G) Agents' termination indemnity provision

The Group recalculated the provision for agents' termination indemnity as a liability with an uncertain maturity or amount, in accordance with IFRS, involving the following steps

- projection based on a series of economic-financial assumptions of the possible future benefits that could be paid to each agent in the event of retirement, death, disability, resignation, etc.
- calculation at the valuation date, based on the annual interest rate adopted and the probability that each benefit has of actually being paid, of the average present value of the future benefits
- definition of the liability by identifying the average present value of the amount of the provision relating to the service already accrued by the staff member at the valuation date.

By virtue of this accounting, the lower provision by Euro 0,2 thousand resulted in an increase in retained earnings at the date of first time adoption in the amount of Euro 0.1 thousand; the adjustment of the provision for agents' termination indemnity in the financial year 2021 which was negative and in the amount of Euro 0.5 thousand, resulted in a positive equity effect in the amount of Euro 0.3 thousand and a negative economic effect in the amount of Euro 2.8 thousand.

The adjustment of the provision for agents' termination indemnity in the financial year 2022 which was positive and in the amount of Euro 2.7 thousand, resulted in a positive equity effect in the amount of Euro 2 thousand and a positive economic effect in the amount of Euro 2,3 thousand.

H) Bad debt provision

In accordance with the OIC accounting standards, the Group has book trade receivables in the balance sheet net of the write-downs necessary to bring them to their estimated realisable value; this write-down was made on the basis of the estimated possibility of recovery of each receivable position.

According to IFRS, in estimating the estimated realisable value, the Company must take into account the risk or probability of a credit loss occurring, reflecting the possibility that the credit loss may or may not occur, even if the possibility of such loss is very low.

The provision for bad debts thus recalculated resulted in a partial release of the provision initially estimated, recorded as an increase in retained earnings at the date of first time adoption for a total of Euro 134 thousand.

The effect on the 2021 financial year was positive, with an effect on the income statement for Euro 76 thousand.

The effect on the 2022 financial year was positive, with an effect on the income statement for Euro 62 thousand.

I) Amortised cost

According to international accounting standards, loans must be valued at amortised cost.

This different treatment resulted in an impact on shareholders' equity at the date of first time adoption of Euro 18 thousand.

The impact in 2021 and 2022, amounting to Euro -1 thousand and Euro -9 thousand, respectively, was recognised in the income statement.

J) Held for trading financial assets

According to international accounting standards, held for trading financial assets must be valued at fair value.

This different treatment resulted in an impact of Euro 0,9 thousand on financial assets and of Euro 0.7 thousand on shareholders' equity at the date of first time adoption.

The impact in 2021 and 2022, amounting to Euro 0.3 thousand (with a reclassification of Euro -500 thousand from cash and cash equivalents) and Euro -18 thousand, respectively, was recognised in the income statement.

K) Leases

Under the OIC accounting standards, a lease is classified as either a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term, while assets held under finance leases are capitalised and included in property, plant and equipment. Under IFRS, they are presented in right-of-use assets. Under IFRS, a lessee applies a single recognition and measurement method for all leases, except for short-term leases and leases of low-value assets, and recognises lease liabilities to make lease payments and right-of-use assets that represent the right to use the underlying assets.

At the date of transition to IFRSs, the Company applied the simplified method and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRSs. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted for the amount of any prepaid or accrued lease payments. When the Company is required to reinstate a leased asset at the end of the lease term, Right of Use assets are increased by the estimated decommissioning costs and a provision is recognized for the same amount.

As a result of this accounting, the Company recognized right-of-use assets of Euro 4.234 thousand at the date of first-time adoption, broken down as follows:

- Cars, equal to Euro 403 thousand;
- Buildings, equal to Euro 3.831 thousand.

In the financial year 2021, the following were recognised:

- New right-of-use assets (before related depreciation) of Euro 180 thousand, for new leased-cars and Euro 0 thousand for new leased-buildings;
- A decrease in the related debt (net of the recognition of the new debt related to the assets recognised in the year), equal to Euro 437 thousand
- Depreciation of assets by right of use amounting to Euro 473 thousand;
- Interest expenses equal to Euro 122 thousand;
- Lower fees in the income statement equal to Euro 559 thousand

In the financial year 2022, the following were recognized:

- New right-of-use assets (before related depreciation) of Euro 302 thousand, for new leased-cars and Euro 977 thousand for new leased-buildings;
- A decrease in the related debt (net of the recognition of the new debt related to the assets recognized in the year), equal to Euro 273 thousand
- Depreciation of assets by right of use amounting to Euro 577 thousand;
- Interest expenses equal to Euro 142 thousand;
- Lower fees in the income statement equal to Euro 721 thousand

L) Work in progress (WIP)

The assets for work in progress on order (WIP), and related advance payments, refer mainly to the inventories of work in progress of multi-year contracts.

In 2021, the IFRS 15 effects increased assets for WIP by Euro 157 thousand (including a Euro -29 thousand reclassification from inventories), reduced trade receivables by Euro 44 thousand and increased liabilities by Euro 114 thousand.

In 2022, the IFRS 15 effects implied a variation in assets for WIP of Euro 165 thousand, (including a Euro -13 thousand reclassification from inventories) with trade receivables reduced by further Euro 29 thousand and liabilities increased by further Euro 56 thousand.

M) Warrants

The Warrants are valued on the basis of the International Financial Reporting Standard n. 2 (IFRS 2) – "Share-based payments" – the estimate of the fair value of the equity instruments assigned.

The methodology adopted for estimating the fair value follows the risk neutral approach typical of these problems; the risk free rate curve is deduced from the interest rate swap rates on the market on the measurement date.

Cost related to warrants under IFRS 2 were equal to Euro 28 thousand in 2021 and Euro 56 thousand in 2022.

N) Other adjustments

At the date of first time adoption, further adjustments were made regarding receivables from third parties' shareholders, with a reduction of assets by euro 35 thousand brought to shareholders' equity, and reclassification of liabilities from other liabilities (Euro -1.616 thousand) to current (Euro 1.169 thousand) and non-current liabilities (447 thousand).

In 2021 reclassifications resulted in changes from other liabilities (Euro -2.649 thousand) to current (Euro 1.329 thousand) and non-current liabilities (1.320 thousand) and from other revenues to income from equity investments for Euro 54 thousand.

In 2022 reclassifications resulted in changes from current to non current assets in the amount of Euro 30 thousand and from other liabilities (Euro -3.821 thousand) to current (Euro 1.860 thousand) and non-current liabilities (1.960 thousand).

O) Tax effect

The effects of the transition commented on are shown gross of the tax effect, determined to be a total of negative Euro 286 thousand at the date of first time adoption (of which Euro 287 thousand for deferred tax assets and Euro 1 thousand for deferred tax liabilities), accounted for within equity.

The effect on the 2021 income statement is a negative Euro 207 thousand. IFRS effects resulted in an increase in the deferred tax asset of Euro 256 thousand and the increase of the deferred tax liabilities of Euro 377 thousand; there is also a negative effect of Euro 186 thousand recognised in the OCI reserve.

The effect on the 2022 income statement is a negative Euro 367 thousand. IFRS effects resulted in an increase in the deferred tax asset of Euro 164 thousand and the increase of the deferred tax liabilities of Euro 1.143 thousand; there is also a positive effect of Euro 223 thousand recognised in the OCI reserve.